DOCUMENT RESUME

ED 408 418 CE 073 133

TITLE	Building the New Workplace for the 21st Century.
INSTITUTION	National Planning Association, Washington, D.C.
REPORT NO	ISSN-0747-525X
PUB DATE	Jun 96
NOTE	45p.; Published quarterly.
AVAILABLE FROM	National Policy Association, 1424 16th Street, N.W., Suite 700, Washington, DC 20036 ($5; quantity discount available).
PUB TYPE	Collected Works - Serials (022) -- Opinion Papers (120)
JOURNAL CIT	Looking Ahead; v18 n1 Jun 1996
EDRS PRICE	EDRS Price MF01 Plus Postage. PC Not Available from EDRS.
DESCRIPTORS	Adult Education; *Dislocated Workers; *Education Work Relationship; Educational Attainment; Educational Trends; *Employer Employee Relationship; *Employment Patterns; Employment Projections; Employment Qualifications; Futures (of Society); International Trade; Job Skills; Job Training; Labor Force; *Labor Force Development; Labor Supply; Postsecondary Education; Professional Associations; Secondary Education; Strategic Planning; Vocational Education; *Work Environment
IDENTIFIERS	Downsizing

ABSTRACT

This serial issue, which is devoted to the challenges that recent changes in the U.S. workplace pose for society and labor-management relations, contains nine papers focusing on the following aspects of building a new workplace for the 21st century: historical and current perspectives; workforce and workplace changes; education and training of the workforce; the effects of dislocation and trade; and predicting what lies ahead. The following papers are included: "Meeting the Challenges Created by New Workplace Changes" (Malcolm R. Lovell, Jr.); "Building the New Workplace for the 21st Century: An Introduction" (James A. Auerbach); "The Evolution of U.S. Labor-Management Relations" (Thomas J. Schneider, John R. Stepp); "Downsizing and Employment Insecurity" (Harry C. Katz); "Skills and the Education Level of U.S. Workers" (Laurie J. Bassi); "School-to-Work Systems: Redesigning U.S. Education for the 21st Century" (J.D. Hoye, Steven Tegger); "Continuing the Search for a 'New Covenant' for America's Dislocated Workers" (Sheldon Friedman, Jane McDonald-Pines); "Implications of the New Employment Systems" (Peter Cappelli); and "New Guidelines for Labor-Management Cooperation" (Allan D. Gilmour). (MN)

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The National Planning Association is a private nonprofit, nonpolitical organization engaged in economic and social research and policy formulation in the public interest. Among its activities, NPA brings together influential and knowledgeable leaders from business, labor, agriculture, and academia to serve on policy groups dealing with key issues affecting the U.S. private sector.

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Looking Ahead is distributed to NPA members and contributors and is also available through subscription ($35.00 per year).

AN NPA PERSPECTIVE

Meeting the Challenges Created by New Workplace Changes

by Malcolm R. Lovell, Jr.
NPA President & CEO

The National Planning Association has, from its founding, believed that broad economic and social questions facing the nation can best be addressed by representatives of business, labor, agriculture, and academia working together and seeking common understanding. Issues affecting the workforce and the organization of the workplace have been in the forefront of our studies.

Unsettling changes are taking place in the American workplace. New industrial revolutions are occurring each decade as technological innovation replaces technological innovation and as global competition further exercises an already highly competitive domestic market.

American unions and businesses have been engaged in an ongoing process of experimenting with approaches to increasing competitiveness in a manner consistent with the needs of workers, employers, and other stakeholders. The goal is to maximize economic performance to encourage growth and job creation while producing a higher standard of living for all Americans. Equally important is achieving this goal in a way that minimizes the sacrifices on the part of those who inevitably are adversely affected by the process. This issue of *Looking Ahead* focuses on the challenges to society and to labor-management relations that these workplace changes have stimulated.

A society's ability to create an environment that produces wealth and distributes it responsibly is a mark of its greatness. We hope that this issue of *Looking Ahead* makes a contribution to the creation of such an environment.

Building the New Workplace for the 21st Century: An Introduction

by James A. Auerbach

Over the past two decades, the U.S. workplace, workforce, and labor-management relations have undergone profound transformations because of economic and demographic changes. As the world has become more competitive, the pressures on U.S. firms to improve productivity have increased. The use of new technology, the impact of trade agreements, the growing education and skills requirements for employees, and the changing demographics of the workforce have all contributed to the recognition that traditional workplace and adversarial labor-management relations are less and less effective in meeting today's needs of employees, employers, and society.

Whether recent trends toward innovative workplace practices designed to enhance U.S. competitiveness will grow or whether traditional confrontational workplace relations will continue as the norm are critical questions for the nation. How these trends play out will significantly affect America's international competitive position and the course of labor-management relations well into the 21st century.

This issue of *Looking Ahead* examines some of the changes that are transforming the workplace as well as the labor-management models that are successfully meeting the challenges of maintaining U.S. competitiveness and the needs of the stakeholders involved. The articles also explore the obstacles to implementing many of the innovations designed to increase American competitiveness, improve the economy, promote workplace excellence, and ensure an adequate standard of living for U.S. citizens.

NPA'S BROAD FOCUS ON WORKPLACE ISSUES

Since its creation in 1934, the National Planning Association has been dedicated to the improvement of the workplace for all Americans. As part of its efforts to attain this goal, NPA has continually studied the changes in the U.S. workplace and the evolution of labor-management relations. NPA's historic commitment to workplace improvements is exemplified by its many earlier publications such as its pathbreaking study on *The Causes of Industrial Peace Under Collective Bargaining*. This study was one of NPA's most important efforts to promote cooperation between business and labor.

The National Planning Association has continued its focus on workforce and workplace issues with more recent publications, including *The Future of Labor-Management Innovation in the United States*, *Aging and Competition: Rebuilding the U.S. Workforce*, and *The Contingent Economy: The Growth of the Temporary, Part-Time and Subcontracted Workforce*. Several current issues of NPA's quarterly journals, *Looking Ahead* and *North American Outlook*, have also dealt with these topics.

NPA's extensive publications in this area have created a broad, in-depth source of information on the American workplace, the nature of the changing workforce, and labor-management relations. The wealth of recent material, as well as presentations on these topics made by scholars and business, labor, and government leaders at NPA meetings and conferences, will serve as the basis for an anthology that NPA plans to publish. The anthology will examine many of the current issues surrounding the challenges of building the new workplace for the next century (see the anthology's Contents on page 43). This issue of *Looking Ahead* features selections from the anthology.

HIGHLIGHTS FROM THIS ISSUE

Historical and Current Perspectives

In the first section, Thomas J. Schneider and John R. Stepp discuss the history of labor-management relations from 1945 to the present. In their historical overview, the authors describe the forces that helped the confrontational labor-management model flourish, as well as the failure of the traditional model to adapt to significant workplace changes and new competitive challenges from other countries, especially beginning in the 1970s. They describe a new model based on cooperation rather than confrontation and the barriers facing the movement toward more innovative systems.

Workforce and Workplace Changes

In the second section, Harry C. Katz examines the restructuring of the workplace, particularly the wave of corporate downsizings that has been sweeping through America and the impact on employment security. Major companies have laid off more than three million workers since 1989 in a relentless drive to cut costs, raise productivity, and boost profits. Assuming that significant downsizing will continue, Katz advocates "systematic change strategies" for businesses that he believes will lead to long-term improvements in organizational performance and minimize the problems of workers remaining in companies that have undertaken downsizing strategies.

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Education and Training of the Workforce

The restructuring revolution and new technology are forcing millions of employees to reexamine their job skills. Laurie J. Bassi, looking at the skills and education levels of U.S. workers, analyzes the demand and supply of skilled labor. She evaluates approaches aimed at increasing the supply of skilled workers and discusses the impediments facing these strategies. Predicting a "skills gap" if sufficient attention is not paid to the quantity and quality of on-the-job training, Bassi considers it especially important to eliminate factors, such as the rate of employee turnover, that are eroding incentives for employer-provided training.

The productivity of American businesses cannot be separated from the effectiveness of the nation's schools. In addition to on-the-job training for workers, the education system should adequately prepare full-time students for the world of work. But as J.D. Hoye and Steven Tegger state, students in America are "seldom given the guidance or exposure to labor market realities that might enable them to develop the skills employers require . . . [for] gainful employment." The authors recommend a significantly expanded school-to-work transition program for the United States that would assist employers in obtaining qualified applicants for entry-level positions as well as provide students with comprehensive career development programs. Eliminating the skills gap described by Bassi begins in the nation's schools and must become one of the country's highest priorities in education reform.

The Effects of Dislocation and Trade

Many employees have been adversely impacted by technological change, trade agreements, and other structural changes. Sheldon Friedman and Jane McDonald-Pines review U.S. labor market policies for dislocated workers and find them sorely lacking. They propose a "new covenant" for America's displaced workers that would include new roles for government, industry, and unions. Although the authors describe some successful joint labor-management and government training programs designed to assist dislocated workers or raise the skills levels of employees, they believe these programs are inadequate in scope or funding. They advocate a sweeping reform of America's job training system in both the public and private sectors. Friedman and McDonald-Pines detail the key elements of a restructured and redesigned program that they believe is needed to effectively serve dislocated and current workers.

What Lies Ahead?

The last section looks at where the United States is heading in terms of recent changes in the workplace and the choices confronting business, labor, government, and society. What are the implications of the new workplace? Will most companies and unions continue to rely on traditional labor-management relations models? Or will they take the road less traveled into the 21st century by choosing the newer, less confrontational models that encourage increased worker decisionmaking, teamwork, and greater commitment to workplace excellence by employers and employees alike?

According to Peter Cappelli, the new workplace has "significant implications for workers, employers, and the U.S. economy as a whole." But it remains an open question whether the high performance models and innovative arrangements with all of their uncertainties—reduced job security, demands for higher worker education/skills levels, and workplace reorganization—are the components of a new stable system that will benefit each stakeholder in the workplace.

Allan D. Gilmour concludes this issue of *Looking Ahead* with a call for a positive working relationship between management and labor that would ensure America's competitive leadership, respect the dignity of individual workers, and maintain an adequate standard of living for all citizens. Gilmour describes an innovative labor-management relations model developed by the National Planning Association's Collective Bargaining Forum. The CBF is made up of some of America's top labor union officials and chief executive officers of major corporations "who are working to improve the climate and the conduct of industrial and human relations in the United States." The CBF believes that a commitment by labor to improve a firm's economic performance and to help businesses adapt to changes in technology and market conditions should be matched with a commitment by management to ensure employment security, expand the role of workers, and accept the validity of unions. According to Gilmour, these new rules should govern the workplace of today and tomorrow.

* * *

The overriding theme throughout these articles is change. Economic and demographic changes have transformed the American workplace. Conventional workplace arrangements no longer provide sufficient responses to the challenges to the nation's economic and social well-being. As Gilmour concludes, in the current increasingly complex workplace, there are no comfortable choices. But by finding the right balance between productivity, competitiveness, and profitability, on the one hand, and employment security, an adequate standard of living, and worker representation, on the other, we can choose the right path to building a new and better workplace for the 21st century.

James A. Auerbach is NPA Vice President.

I. HISTORICAL AND CURRENT PERSPECTIVES

The Evolution of U.S. Labor-Management Relations

by Thomas J. Schneider and John R. Stepp

Intense competition, technological advancements, and changing demographics are driving radical changes in the workplace and in labor-management relations in the United States. This article examines these recent workplace innovations and their linkage to labor relations.

CHARACTERISTICS OF THE OLD LABOR-MANAGEMENT MODEL

The critical elements of the old labor relations paradigm were forged during the 30-year post-World War II period. Unlike most other industrialized countries, the United States emerged from the war with its production base intact. As a consequence, it sat astride the global economy, dominating key industries and their markets. Industry gave little consideration to cost or quality. The results were oversized bureaucracies that mass produced standardized products. Detailed rules, policies, and practices, accompanied by lengthy labor agreements, codified workplace expectations. "Taylorism" and "Fordism" were further polished and refined, leaving a largely disengaged workforce in their wake.

As industry prospered, so did labor unions, which spread quickly throughout manufacturing. Although management never warmly embraced unions, it did little to resist organizing efforts, and an uneasy truce emerged between large companies and the labor movement. Despite the ritual of hard bargaining, settlements were generous. In exchange, management was granted the right to run its business as it saw fit. *And the Wolf Finally Came: The Decline of the American Steel Industry* paints the rest of the picture:

> Cut off from decision-making responsibilities, unions focused on protecting workers from exploitation by using Taylorism as a base of shop-floor power. They negotiated multiple job classifications, linked wage rates to the job instead of a worker's skills, and established seniority as the basis for promotion. This "job control unionism" gave unions a negative power to hamstring management, but not a positive power to influence operations. Rules bred more rules, eventually straitjacketing the production system and creating unproductive hierarchies in both companies and unions.[1]

This tacit arrangement dissolved in the 1980s in industry after industry. Today, major steel producers are nonunion;

Thomas J. Schneider is President and Chief Executive Officer of Restructuring Associates Inc., and Chairman and CEO of Corrs Schneider Ltd.

John R. Stepp is an Associate with Restructuring Associates Inc.

"The [traditional U.S. labor model] seemed incapable of recognizing and responding to the changes occurring in the United States and beyond, [and] it generally failed to acknowledge that labor and management had a mutual responsibility for creating and distributing wealth."

automobile companies in Ohio, Tennessee, Kentucky, and elsewhere are nonunion; the U.S. coal industry is less than 40 percent organized.

The seeds of the demise of the traditional American labor model were sown from within. The model had two fatal flaws. First, it seemed incapable of recognizing and responding to the changes occurring in the United States and beyond. Second, it generally failed to acknowledge that labor and management had a mutual responsibility for creating and distributing wealth.

FAST-PACED CHANGES

By the mid-1970s, foreign products had invaded U.S. markets. Countries devastated by World War II had acquired new capital and technology and were producing superior goods at lower prices than American products. Simultaneously, phenomenal technological advancements greatly reduced both product and process life cycles. Moreover, several key industries such as communications and transportation were being deregulated. In 1981, the U.S. government served notice of its changed view of labor relations when it dismissed 11,000 striking air traffic controllers. Henceforth, the government would no longer function as the benevolent protector of the collective bargaining process.

The makeup of employees was also rapidly changing. Minorities and women were entering the workforce in unprecedented numbers. The baby boomers had arrived. Each group brought a different set of expectations and an unwillingness to accept the authoritarian work ethic characteristic of their predecessors. Many of these new employees also viewed the control exerted by unions through collective bargaining agreements as excessively rigid, bureaucratic, and restrictive.

By the mid-1980s, many businesses, recognizing that the ongoing changes represented more than the normal ebb and flow of a business cycle, began to experiment with a variety of employee involvement strategies, some of which had their origins in programs undertaken in the 1960s and 1970s. These measures took the form of parallel systems, nonthreatening to the traditional structure and hierarchical order within firms. In terms of labor-management relations, the bargaining process and administration of the labor agreement remained sacrosanct and adversarial.

The great upheavals in the early 1980s generated little gain. Labor and management generally behaved as though no real change was needed in the institutions, policies, and practices that had been developed over the previous decades. They seemed to believe that it was necessary only to make cuts and tweak the system and then continue to act as they always had.

But they were wrong. The old systems of organizing work and work relationships were no longer productive. U.S. companies remained unable to produce quality products at competitive prices in global markets. Further, economic, political, and technological changes were rendering many aspects of the traditional industrial relations model obsolete. The master contract had vanished, the strike weapon had been blunted, and many unions had been added to the "endangered species" list. By the late 1980s, widespread concern about U.S. competitiveness and its link to Americans' declining standard of living led to a search for ways to attain higher levels of performance.[2]

THE EVOLUTION OF WORKPLACE INNOVATIONS

Employee involvement was first promoted in the late 1960s and early 1970s as an antidote to growing disaffection with the industrial workplace. Worker "alienation" was attributed to a more affluent, better educated society and a breakdown in the influence of traditional sources of authority.[3] Young people in particular brought changed

expectations about life into the workplace. When they experienced the tight controls, fragmented jobs, and deadening routine of traditional factory work, they exhibited what the popular press dubbed "the blue collar blues."

Quality of Work Life Programs

In 1973, Irving Bluestone, head of the United Automobile Workers (UAW) General Motors (GM) division, negotiated a joint committee to encourage efforts that would provide a more satisfying work environment for employees and, as a by-product, lead to greater productivity. The GM-UAW Quality of Work Life (QWL) program became the model for hundreds of similar efforts that blossomed across the United States during the 1970s and early 1980s.

In a notable extension of the QWL approach, the United Steelworkers of America (USWA) joined basic steel manufacturers to set up Labor-Management Participation Teams in the early 1980s. Given the rapidly declining fortunes of the steel industry, the USWA acknowledged up front that a primary goal of these teams was improvement of company performance, not just of employee morale or working conditions.

However, because most QWL efforts existed outside official decisionmaking channels and had limited scope, they were basically unsuccessful in creating widespread organizational change or in substantially improving performance. Nonetheless, virtually every major union was involved in at least one QWL project by the mid-1980s.

A few companies had been pursuing more radical innovations in the late 1960s and early 1970s.[4] Consumer product giant Procter & Gamble was probably the first U.S. firm to experiment with the participative management and sociotechnical design concepts espoused by Eric Trist at Britain's Tavistock Institute and elaborated by Einar Thorsrud and Fred Emery in Scandinavia.[5] However, it was not until General Foods opened its Topeka, Kansas, pet food plant in 1971 that these ideas received widespread attention in the United States.

The Topeka plant represented a major departure from the traditional organizational structure.[6] The plant's new system was designed to elicit commitment from employees rather than to promote management control. It featured many innovations now commonplace in high involvement/high performance work systems, including few levels of management; no status differentiation between workers and managers; employee teams accountable for an interrelated group of tasks, often focused on an entire product; decisionmaking at the lowest levels in the organization; pay systems that rewarded continuous learning; flexible job assignments; and ongoing organizational learning and change.

Throughout the 1970s, this type of comprehensive organizational change was typically observed in nonunion startups ("greenfield" sites). While substantial and impressive performance results occurred in most of the new systems, these revolutionary concepts remained relatively uncommon. Most U.S. firms were content to dabble with various forms of QWL. However, this changed as concern with worker alienation was replaced with concern about company performance. By the early 1980s, a new worry was facing most of American industry—the invasion of high quality, low cost Japanese imports.

Quality Circles

In the 1980s, two books that profiled Japanese management techniques—*Theory Z* and *The Art of Japanese Management*—fueled the growth of the quality circle (QC). In this employee involvement system, small groups of volunteers, trained in the basics of problem solving and group skills (and, to a lesser extent, in the use of statistical quality tools) attack quality and productivity problems in their work areas. QCs, led by a management facilitator, usually have a narrow focus on quality or work methods, and any solution they develop is turned over to management for approval and implementation. By 1982, almost 90 percent of the *Fortune 500* companies reported using quality circles.

Total Quality Management

In the mid-1980s, total quality management (TQM) emerged as a more comprehensive organizational change strategy emphasizing quality. TQM proponents argue that performance improvements are achieved when the enterprise focuses on business processes. Employees are allowed to standardize the processes and then to continuously improve them.

As competitive pressures increased in the late 1980s, U.S. industry recognized that productivity improvements were no longer a luxury, but a matter of survival. To improve their performance, companies and unions continued to pursue comprehensive organizational changes, generally TQM or high involvement management.[8]

Reengineering

The drive for performance led management in the early 1990s to return to some of the analytical strategies used in the earlier sociotechnical systems to "reengineer" their organizations. However, the more recent efforts differed in that they were initially implemented by management, geared solely to performance, and not focused on employees. Although these reengineering attempts have improved performance, the results have been limited largely because of the resistance of employees and unions or the failure of ownership by the people who have to make the organization work.[9]

NEW PARTNERSHIPS

Because of the limitations of the different workplace innovations discussed above, organizations have begun to merge the approaches into four basic concepts. (1) Organizations are systems, which means that achieving high performance requires changing the entire organization, not merely a few of its parts. (2) People are the critical

"The trend in the United States is clearly toward comprehensive restructuring of work and work processes to develop systems that focus on quality, continuous improvement, and employee involvement in managing the business."

element in achieving high performance. Employees must understand the business, have the skills as well as the opportunities to self-manage, and be rewarded for performance. (3) Serving customers well is the crucial priority. (4) Processes are essential in achieving consistent outcomes, which means that processes must be analyzed, reinvented, standardized, and followed.

Example #1—Hunt Wesson

One organization that has embraced these concepts is the Hunt Wesson food oil refinery in Memphis, Tennessee. After piecemeal attempts in the late 1980s to institute elements of a TQM program, union and management joined in a total system change effort in 1990. Together, plant management and the local United Food and Commercial Workers International Union revitalized an old plant with an adversarial labor-management relationship, turning it into a productive, cost-efficient, and high quality refinery.

Hunt Wesson's new work system includes co-governance based on joint union-management committees. Self-directed work teams on the shop floor are internally managed, and team members rotate through several coordinator roles while performing their regular production tasks. The teams determine the procedures needed to meet external standards and customer demands. They set policies at regular team meetings, manage daily activities through hourly coordinators, and rely on management team advisors only for guidance and information. The traditional supervisor or foreman job has been parceled out among the hourly team members. The teams propose their own performance standards for approval by their department committees and are accountable for results at regular review sessions. There are new systems for training and compensation (including a pay-for-skills system), as well as for information, hiring and selection, and problem solving.

The results of Hunt Wesson's efforts are impressive. Productivity, as measured by cases per worker hour, is up 58 percent, and cost efficiency is up 29 percent. Material waste is down 10 percent, with downgraded or bad products reduced 47 percent. Absenteeism is down 62.5 percent; turnover is down 98.4 percent; grievances are down 96 percent; and lost time due to accidents is down 50 percent.[10]

Example #2—Saturn

Perhaps the most radical manifestation of a partnership between management and union espousing the four concepts outlined above is GM's Saturn division in Spring Hill, Tennessee, and the UAW. This fully integrated automobile manufacturing facility, which employs 7,000 people, encompasses most of the elements found in the Hunt Wesson plant, but goes much further.

Half of the middle managers in the organization, to whom Saturn's self-directed work teams report, are usually UAW members who are partnered with Saturn managers. This unique partnering arrangement extends to nonoperational departments, such as sales, service and marketing, industrial engineering, quality assurance, health and safety, training, and organizational development.[11] In real terms, labor and management jointly run the business at all levels.

Other Examples of Labor-Management Partnerships

Others are following Saturn's lead. The United Steelworkers of America proclaimed in the opening salvo of its 1993 collective bargaining goals, "In many enterprises, experience has shown that the task of management is far too important to be entrusted to the managers." The USWA has actively pursued agreements with the major steel companies to guarantee a role for their members at all levels of decisionmaking, "whether those decisions are made on the shop floor or in the corporate board room and whether they involve the design and implementation of new technology or simply how work should be performed."[12] Partnership agreements have been signed with Inland Steel, National Steel, and Bethlehem Steel that cover about 26,000 workers.

Similar alliances have been formed between Xerox and UNITE; Levi Strauss and UNITE; AT&T and the Communications Workers of America; Corning Glass and the American Flint Glass Workers; and Wisconsin Energy and the four unions representing its employees.

Labor and management in all of these partnerships agree that meaningful involvement in the new work systems has certain requirements. These include access to information that was formerly the prerogative of manage-

ment; education to help understand and use that information; extensive technical and management skills training; union autonomy in selecting its members to sit on joint committees; a serious commitment to employment security; and development of an interest-based problem-solving model for negotiating and for day-to-day conflict resolution.

The trend in the United States is clearly toward comprehensive restructuring of work and work processes to develop systems that focus on quality, continuous improvement, and employee involvement in managing the business. The number of organizations whose operations are based on these concepts is growing dramatically, and the performance results of individual companies are substantial.

As the next century approaches, organizations burdened with inflexible work practices, rules, and labor agreements will have difficulty surviving as the pace of change overwhelms them. Traditional adversarial labor-management relations and Tayloristic work systems will continue to decline. Consequently, employers are now confronted with two quite different alternatives.

DEUNIONIZATION OR THE NEW LABOR-MANAGEMENT MODEL?

One alternative is union avoidance—deunionization. A majority of private sector employers are moving in this direction. They often strategically divest or close their older, less efficient union facilities while carefully selecting greenfield sites for new capital investment, in which new employees, management, and work systems virtually ensure the maintenance of a nonunion workplace.

The second alternative is adoption of the new labor-management model. As discussed here, these partnerships are developing across a wide range of industries and unions and hold great promise for improving competitiveness and ensuring the future of collective bargaining. They are also financially rewarding to the partners, as demonstrated in a survey funded by the Upjohn Institute of 56 unionized manufacturers that either ousted unions or developed cooperative relations. A 29 percent increase in value added per employee over a 10-year period was reported by companies that actively pursued joint relations with their unions. In contrast, companies that sought to oust their unions reported a 15 percent decline.[15]

Nevertheless, the dominant trend today is toward deunionization. Moreover, this trend will continue until a number of the new high performance organizations are successfully operating and the changes are well tested. For unions and companies that recognize the necessity to change and seek to develop a new partnership, the challenges are great.

NEEDED: A PROCESS FOR LARGE-SCALE CHANGE

In the past, even when the parties were conceptually prepared to make rapid and substantive changes in the workplace, the greatest obstacle to a new labor-management partnership was lack of an effective model. Now, after almost 20 years of experimentation with new systems of organizing work and work relationships, the process for comprehensive change is becoming clear. The following elements provide the framework for large-scale change and the development of a partnership in a unionized environment:

(1) a jointly developed strategic vision for the organization;
(2) a jointly administered business education process;
(3) an effective system for resolving day-to-day issues; and
(4) a problem-solving method of negotiating collective agreements.

Companies and unions are increasingly working to develop one or two of these elements. But only the benchmark organizations are moving forward on all fronts; these firms are on the cutting edge of innovative union-management relations in the United States.

A Joint Strategic Vision

A clear strategic vision provides the road map for converting a traditional organization into a high performance organization. This vision of the company's current and future objectives is essential in cementing the foundation for large-scale change and in guiding the labor-management partnership. The vision must be a mutual labor-management objective.

The vehicle for creating a joint strategic vision is a union-management leadership committee.[16] Its goals are for those who implement the vision to be involved in its development and to provide clear direction for decision-making and action. Because of labor's involvement in the development process, subsequent discussion is about how, rather than about what or whether. Experience shows that a strategic vision frames and guides labor contract negotiations.

To achieve these ends, the joint strategic vision must have substance, and it must be precise. It should delineate market and customer requirements, performance expectations, work design, organizational structure, governance, pay and rewards, and technology needs. The vision must also describe operating processes, employee involvement, employment security, information systems, education and training, and union-management roles. It should set forth the core competencies, and it should specify the skills, attributes, and capabilities that the organization, the union, and the employees need for future success.

Business Education

To be actively involved in decisionmaking and to share responsibility for performance, labor leaders and employees must understand the business. In a traditional organizational structure, managers receive relevant infor-

mation and understand its meaning. But in a partnership, a thorough business education is necessary to enable employees to understand corporate financial statements, industry trends, the company's cost accounting system, and how their individual performance relates to specific cost elements.

When employees and union and management leaders have the same level of understanding about the business, they typically reach similar conclusions. This diffusion of knowledge throughout the organization provides credibility and removes the perception of manipulation. Business education is thus essential in the process of developing and maintaining a labor-management partnership.

An Issue-Resolution System

Like managers, union leaders must meet or exceed their customers' needs and expectations. A union's customers are its bargaining unit employees, who provide the votes and dues that are a union's life-blood. In exchange for the union's commitment to improving organizational performance, management must be willing to address the needs of the union and its constituents. An effective issue-resolution process is an important step in achieving this. Two critical elements are necessary.

The first is ease of entry. Employees should not have to file a grievance to be heard. Further, they should not have to allege that their complaint violates the collective agreement to have access to the resolution process, as is the case in traditional grievance procedures. Companies that treat issues not as problems but as opportunities for improvement reinforce the value of worker participation and empowerment.

The second critical element is the expectation that most problems will be resolved when they occur. In an issue-resolution system, buck passing, game playing, and reliance on third parties are not acceptable ploys, nor is the use of "hostage holding" as a basis for resolving differences. Union and management representatives know and honor the collective bargaining agreement. Supervisors and stewards are jointly trained in solving problems and managing conflict. Methods are established to detect troublesome issues or trouble-prone relationships quickly. Most important, such a system conveys an important message to employees—it says that they matter and that their problems will be acknowledged and resolved fairly.

"The trend toward nonunion organizations will dominate unless management and labor more readily adopt the high performance partnership models that yield world-class performance."

Interest-Based Negotiation

In recent years, substantial progress has been made in new methods of negotiating labor agreements. The classic 1981 study *Getting to Yes: Negotiating Agreement Without Giving In* provided the procedural framework for interest-based negotiation (IBN).[15] The authors set forth four basic principles: separate the people from the problem; focus on interests, not positions; invent options for mutual gain; and insist on the use of objective criteria. Since this seminal work, much experimentation and refinement have occurred within the context of collective bargaining.

From a union perspective, collective bargaining provides procedural comfort and equality and remains the most important forum for joint decisionmaking. It has the added advantages of helping to sustain and institutionalize the results of a change process. Collective bargaining also plays a major role in workplace reform, but at a sophisticated level.

Traditional bargaining focuses largely on distributive issues and is the ritual for carving the proverbial economic pie. The patchwork of provisions in current agreements often make little sense given today's realities. The new bargaining methods focus on improving the organization's competitiveness so that employees, unions, and companies all thrive.

During the bargaining process, IBN makes possible two outcomes that are difficult to achieve in traditional negotiations. First, IBN enhances the relationship between union and management and promotes a tolerance to listen to opposing viewpoints. Issues are problems to be solved, not victories to be claimed.

The second major outcome is that IBN expands the traditional scope of bargaining by encouraging frank discussion of complex issues. Under current labor law, strategic issues that fundamentally affect the future of all parties are not mandatory subjects for bargaining. Because management is seldom enthusiastic about bargaining in the combative atmosphere of traditional negotiations, it often unilaterally exercises its "management rights" prerogative. But when IBN is coupled with a clearly developed strategic vision, management's fear of union rigidities is removed, and bargaining becomes an engine that drives strategic change.

ACHIEVING TRANSFORMATION

Radical and dramatic changes are occurring in corporations throughout the United States and in other industrialized nations. Yet fewer than half of the 2,000 corporate executives surveyed in a recent study reported that they had achieved their cost-saving goals, and even fewer had met operating objectives such as improved productivity and customer satisfaction. Despite such limited success, only 7 percent of the leaders surveyed predicted a decrease in future restructuring; instead, they anticipated an increase, driven by customer demands and increased competition.[16]

These pressures will drive labor-management relations in the United States for the foreseeable future. The restructuring and transformation of the workplace will continue in both nonunion and union settings. The trend toward nonunion organizations will dominate unless management and labor more readily adopt the high performance partnership models that yield world-class performance.

A high performance partnership requires the reinvention of management, of the structure of the organization, and of the content of the collective bargaining agreement. Management must share information and involve union leaders and employees in decisions about major workplace issues, competitive costs, technological changes, and long-term employment opportunities. Involvement strengthens unions and enhances employee satisfaction. In cutting-edge organizations, success is now defined by meshing human values with business goals. Where these cooperative relationships exist, they are achieving dramatic results.

Senior managers and labor leaders have a joint responsibility to align the union-management processes with current and future business realities. Management and unions have a mutual stake in the organization's success. They must work together to transform and restructure their organizations, or the trend in labor-management relations that has dominated throughout the 1990s will continue unabated into the 21st century.

NOTES

This article has its origins in a chapter by John R. Stepp, "The Evolution of U.S. Labor-Management Relations," in *The Future of Labor-Management Innovation in the United States*, ed. James A. Auerbach and Jerome T. Barrett (Washington, DC: National Planning Association, 1993), pp. 13-25. The current article has been expanded and updated by Thomas J. Schneider and John R. Stepp.

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Downsizing and Employment Insecurity

by Harry C. Katz

Since the 1980s, American blue collar and white collar employees have been experiencing frequent job displacements resulting from corporate downsizing. Most alarming, particularly in terms of employee job security, is that downsizing has occurred even among blue chip firms such as AT&T, IBM, Xerox, Procter & Gamble, Kodak, and Citicorp.

THE BROADENING OF CORPORATE DOWNSIZING

Hard data verify the breadth and depth of downsizing. In the 1991 Louis Harris & Associates Laborforce 2000 survey of 406 large companies, 64.3 percent of managers reported that during the previous five years their organizations had shut down some operations and 47.3 percent reported substantial layoffs (see Table 1).[1] Annual surveys conducted by the American Management Association (AMA) reveal no letup in the pace or scale of downsizing in the early 1990s, with firms reporting that workforce reductions increased from 39.1 percent in 1988-89 to 46.6 percent in 1992-93. Respondents also reported that the average reduction of the workforce remained the same—10.1 percent in 1988-89 and 10.4 percent in 1992-93.[2]

Downsizing has also imposed high costs on those laid off. Among workers laid off in the late 1980s, about one-fourth suffered annual earnings losses of 20 percent or more relative to their previous earnings. A similar number were no longer covered by group health insurance plans several years after losing their jobs, and many had to relocate or change occupations to find new work.

Downsizing has had a disproportionately severe impact on minorities. Data show that African Americans and Hispanics are more likely than whites to be displaced, are less likely to be reemployed, and experience greater income loss from job displacement.

The industrial focus of job displacements spread during the 1980s as displacements increased markedly in the service and retail trade sectors beyond an earlier concentration on blue collar workers in manufacturing. Nevertheless, job displacements have remained disproportionately concentrated in manufacturing and goods-producing industries.

Downsizing has also broadened to include large numbers of white collar managerial employees in firms such as AT&T, General Motors, Kodak, IBM, Exxon and Merrill Lynch. By the early 1990s, middle manage-

Harry C. Katz is a Professor at the New York State School of Industrial and Labor Relations at Cornell University.

TABLE 1

EXTENT OF DOWNSIZING

% of Firms During 1986-91 That:	
1. Shut down some operations	64.3%
2. Sold any business units	51.0
3. Imposed a hiring freeze	57.1
4. Laid off a substantial number of workers	47.3
5. Allowed substantial numbers of workers to shift to part-time schedules	10.1
6. Offered early retirement incentives	40.4
7. Reduced management staff significantly	38.4
8. Combined operating units	62.3

Source: Louis Harris & Associates Laborforce 2000 Survey (New York, NY: Louis Harris, 1991), Question B1.

ment and professional/technical employees were absorbing an increasing share of downsizing (see Table 2). Detailed statistical analyses show that by the mid-1980s, after controlling for industry and individual characteristics (such as education, experience, race, and sex), managers were more vulnerable to displacement caused by downsizing and plant closings than were lower level employees.

WHAT DOES DOWNSIZING MEAN FOR FUTURE WORK CAREERS?

Does this large number of layoffs and plant closings mean that fewer workers are likely to spend long periods with one employer during their work careers? Is America in the midst of a transition to a society in which nearly everyone will have to change employers frequently over their working lives? The evidence suggests that job tenure and long periods of employment with one employer have recently declined somewhat, but not as much as some dire accounts in the popular press suggest. However, analysts cannot yet tell whether work careers have permanently shortened for a large segment of the population. It is not clear whether recent job displacements are one-time reactions to the shock of international competition and corporate reorganization to eliminate organizational "slack" or whether they represent the beginning of a broad deterioration in job security and job quality.

Given the confusion that exists among economists regarding the future job security of American blue collar and white collar employees, it is not surprising that employees' fears that downsizing will continue and may even grow have been stirred by the almost daily headlines reporting further downsizing. These fears coincide with managers' expectations. When managers in the Louis Harris Laborforce 2000 survey were asked to project what actions their firms would take during the next five years, only 28.3 percent replied that no jobs would be eliminated by downsizing, whereas 62.6 percent responded that some jobs would be eliminated.

WORKFORCE ADJUSTMENT POLICIES

During the 1980s, corporations used a number of policies to avoid layoffs or to soften the effects of downsizing. These adjustment policies included hiring freezes, salary reductions or freezes, mandatory short workweeks or workdays, and job sharing. A substantial number of firms (48.8 percent) used early retirement programs to generate voluntary severance (see Table 3). Some companies had used these procedures as alternatives to involuntary layoffs for decades; what was striking was the inability of such strategies to reduce costs or headcount sufficiently. As a result, firms frequently felt compelled to turn to involuntary severance, especially in smokestack industries where unions were heavily concentrated and where collective bargaining was used to expand workforce adjustment policies.

THE CONTINGENT WORKFORCE

A small percentage of firms retrained or transferred employees when business conditions deteriorated. Larger numbers of companies took advantage of part-time or temporary employees or workers employed by agencies external to the firm. This led to the expansion of what economists call "contingent" work, which includes temporary, part-time, and contract labor. The 1992 National Survey of Establishments (NSE) revealed that 10 percent of all regular employees worked part-time and that another 7 percent of employees were temporary or contingent workers.[5] According to the NSE, about 48 percent of managers expected the use of contingent employees to stay the same.

Because the use of contingent employees is not limited to clerical duties but includes work in, for example, engineering, computer programming, and drafting, contingent employees work at all skills levels. Unionized firms use fewer temporary employees, but they contract out more and use more subcontractors. Further, the use of part-time work is extending into managerial ranks. A majority (52.7 percent) of firms surveyed by the NSE reported that they employed some part-time managers.

TABLE 2

OCCUPATIONAL DISTRIBUTION OF DOWNSIZING

Average % of Job Cuts That Were:	1988-89	1992-93
Hourly	51.6%	45.2%
Supervisory	14.8	15.0
Middle management	17.2	19.3
Professional/technical	16.4	20.3

Source: These figures report the percentage of jobs eliminated through downsizing, as reported by managers in American Management Association (AMA), "1993 AMA Survey on Downsizing: Summary of Key Findings" (New York, NY: AMA, 1993).

TABLE 3

PERCENTAGE OF FIRMS USING A STRATEGY TO AVOID LAYOFFS OF CORE WORKERS

Strategy Used	
1. Buffering with temporary workers	22.4%
2. Withdrawing subcontracting	19.9
3. Smoothing product demand	24.7
4. Multiskilling workers so they can switch to other jobs	24.7
5. Reducing overtime to avoid layoffs	79.2
6. Work-sharing (e.g., putting workers on reduced hours)	51.2
7. Finding innovative activities for otherwise underutilized workers	59.7
8. Using early retirement programs	48.8

Source: National Survey of Establishments, 1992. See Paul Osterman, "How Common Is Workplace Transformation and How Can We Explain Who Does It?" *Industrial and Labor Relations Review* (January 1994).

The growing use of contingent employees may reflect the disassembling of internal work structures as many firms seek to reduce job security and other implied commitments to incumbent (or core) employees to lower costs or to respond to increased economic uncertainty. Based on evidence from the NSE, contingent employees typically do not receive health benefits or pensions.

But lower costs may not be the complete story. High performance work systems frequently require increased employment security, and some firms attempt to provide this by surrounding a core labor force, which has security, with a buffer of peripheral employees. Firms may also be increasingly turning to outside suppliers or subcontractors because of their specialized skills. It is noteworthy that not all firms use contingent employees to a large extent or expect to use them in the future. As in the use of other human resource policies, firms differ in their strategic responses to economic pressures.

THE EFFECTS OF DOWNSIZING

Employers appear to be generally satisfied with the outcomes produced by downsizing, as is evident in survey responses and in the frequency with which firms have adopted downsizing. According to the Louis Harris Laborforce 2000 survey, 79 percent of managers reported that they were either "very" or "somewhat" satisfied with the downsizing in their organizations, while only 0.7 percent reported that they were not satisfied at all.

Downsizing's harmful effects on laid-off employees are clear from the discussion above. Perhaps equally troubling is recent evidence that downsizing also leads to severe morale problems among remaining employees. In the 1993 AMA survey of 870 human resource managers in firms that experienced one or more periods of downsizing between 1988 and 1993, 80 percent of managers responded that employee morale had declined after a downsizing. However, the research literature has not yet determined whether decreases in morale are significant enough to lead to declines in overall corporate performance. Even though employee morale is declining, employees may be working more productively out of fear of further downsizing. In the 1993 AMA survey, 38 percent of managers reported that worker productivity remained constant during a downsizing and 34 percent noted that it increased.

"Even though employee morale is declining, employees may be working more productively out of fear of further downsizing."

"Survivors' syndrome," a new term in the organizational behavior literature, refers to the morale problems of those who remain in downsized organizations, including blue collar and other lower level employees as well as managers. Even as managers report satisfaction with the effects of downsizing on their organizations, they reveal substantial uncertainty about how they feel toward their own career security.

It seems clear that corporations have not convinced employees that downsizing is justified. Coping with this issue is not easy. There are no simple measures that organizations can take to maintain the loyalty and commitment of their remaining workers.

Some firms have experienced unanticipated harmful consequences of downsizing on service quality and costs. For example, the high performers that management may want to keep sometimes take advantage of early retirement or other severance options, and management ends up with the type of employees that it does not need. Whether the negative consequences of downsizing outweigh the gains varies among companies.

Although downsizing is not the answer for all organizations, for some it has been critical to their survival. However, this does not imply that downsizing has always been accomplished effectively. In any event, heightened economic competition and a volatile economic environment clearly require that American corporations find ways to become lean and flexible.

"SYSTEMATIC CHANGE" STRATEGIES

How can managers minimize the guilt and the other harmful consequences of downsizing on surviving em-

TABLE 4

THREE TYPES OF DOWNSIZING STRATEGIES

	Downsizing Strategy		
	Workforce Reduction	**Organization Redesign**	**Systematic**
Focus:	Workers	Jobs and units	Culture
Eliminates:	People	Work	Status quo processes
Implementation time:	Quick	Moderate	Extended
Temporal target:	Short-term payoff	Moderate-term payoff	Long-term payoff
Inhibits:	Long-term adaptability	Quick payback	Short-term cost savings
Examples:	Attrition Layoffs Early retirement Buyout packages	Eliminate functions Merge units Redesign jobs Eliminate layers	Involve everyone Simplify everything Change responsibility Continuously improve

Source: Kim S. Cameron, Sarah J. Freeman, and Aneil K. Mishra, "Downsizing and Redesigning Organizations," in *Organizational Change and Redesign*, ed. G.P. Huber and W.H. Glick (New York, NY: Oxford University Press, 1993), p. 33.

"Whether downsizing works well depends on the extent to which it is associated with wide and deep company and work reorganization. Restructuring strategies in corporations have emerged as a driving force for change."

ployees? Evidence suggests that "systematic change" strategies lead to long-term improvements in organizational performance and minimize the problems for remaining workers (see Table 4). Downsizing has been most effective in achieving the company's desired goals when firms "conducted systematic analyses, involved employees, increased communication, and implemented change strategies incrementally."[4] Through this kind of incremental, participatory approach, lower level employees can identify targets for cost cutting as well as gain a better appreciation of the need for downsizing. Effective downsizing has also "paid special attention to the transition experienced by employees who remained with the organization as well as to those who exited."[5] In short, whether downsizing works well depends on the extent to which it is associated with wide and deep company and work reorganization. Restructuring strategies in corporations have emerged as a driving force for change.

NOTES

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III. EDUCATION AND TRAINING OF THE WORKFORCE

Skills and the Education Level of U.S. Workers

by Laurie J. Bassi

For more than a decade, concern has been growing about the relationship between competitiveness and the apparent skills deficiencies of American workers. This concern first focused on the inadequate skills of new entrants to the labor force and more recently has expanded to include the majority of the workforce.

THE DEMAND FOR SKILLS

The demand for workers' skills can be determined by surveying those who put the skills to use—employers. The consensus that emerges from such surveys is that employers are experiencing fair to moderate difficulty both in hiring entry-level workers and in filling more senior, higher skilled positions. As expected, the reported level of difficulty in hiring qualified workers was somewhat more pronounced before the economic downturn than after 1990.

In general, firms report that only about 50 percent of recent high school graduates are qualified for entry-level positions. Inadequate computational and problem-solving skills are among the most serious deficiencies, with the lack of verbal and writing skills also reported as problems. In addition, workers, particularly younger workers, exhibit deficiencies in interpersonal skills, a poor attitude toward work, and an inability to "fit in." However, the surveys do not reveal the extent to which employers' reports have changed over the past few decades. Employers throughout history have complained that workers are underskilled and overpaid. It is difficult to know whether the recent surveys are identifying more significant complaints than would have occurred at other times.

Firms reporting the most serious skills deficiencies among their workers are generally engaged in a fundamental restructuring of the way their work is organized.[1] It may be that skills deficiencies emerge as a basic problem only when companies are in the midst of significant change. In other words, firms undergoing major restructuring may require a more skilled workforce.

Why do firms restructure their work if this creates skills deficiencies among their workers? The consensus from the surveys is that work restructuring is driven by necessity, not by choice. A fundamental threat to survival, from either increased domestic or foreign competition, propels most firms to restructure their work. This is not to suggest that firms do not make business decisions that af-

Laurie J. Bassi is Vice President for Research at the American Society for Training and Development.

fect skills requirements, but rather that a crisis drives them toward the development of new work systems.

THE SUPPLY OF SKILLS

Whether a rising demand for skills creates a shortfall or a skills gap depends on changes in the supply of skills. The academic skills of American students and workers have not deteriorated in an absolute sense. In fact, by some measures, U.S. students today are performing better than they were 10 years ago. Nevertheless, the supply of skills in the U.S. economy has not kept pace with the growing domestic demand for skills or with the improvements in the skills levels of the country's economic competitors. Thus, the supply of skills may have deteriorated in relative terms.

In 1983, *A Nation at Risk* riveted America's attention on the skills levels of America's young people. The report's dramatic conclusion was that "a rising tide of mediocrity threatens our very future as a nation and a people."[2] The report also claimed that U.S. high school graduates were incapable of performing the simple computational, reading, and communication tasks required of almost every worker throughout the economy.

However, statistics do not prove that the U.S. education system has produced less educated students over the past decade than previously. For example, although the high dropout rates of high school students have been used to show that schools have failed, the dropout rate has actually been declining for some time. High school completion rates for 18 to 25 year-olds have steadily improved over many decades, especially for African Americans.

The Iowa Basic Skills Test's data support this point. Based on these scores, the basic skills of white students have only very modestly improved, whereas those of minority students have fairly steadily increased during the past two decades. The Scholastic Aptitude Test (SAT), one of the few consistent measures of students' aptitude, also indicates that every racial group's performance, except that of whites, has improved. The much discussed decline in the average SAT score in the early 1970s appears to have been largely caused by the changing composition of students taking the test rather than by an absolute deterioration in students' abilities.

However, this somewhat optimistic assessment of the U.S. school system's performance does not account for the variation in students' experiences within the system. Many analysts believe that the system's real failing is the difference in achievement of high school graduates who attend colleges and of graduates who do not go on to any form of post-secondary education. Perhaps most telling is that the United States spends a smaller percentage of its education resources on students who do not attend college than do other industrialized countries.[3] While the United States spends .03 percent of its gross domestic product (GDP) on programs to help youth in the labor market, Germany spends twice that amount in relative terms.[4] Further, the United States spends 4 percent of its GDP on primary and secondary education, compared with 4.5 percent in Germany and 5 percent in Japan.

These statistics are particularly troubling because earning a college degree remains the exception rather than the rule in the United States. In 1991, less than 24 percent of 25-34 year-olds had completed college.[5] Based on current trends in education completion rates, the percentage of college graduates is not expected to substantially increase. Most observers believe that real improvement in the U.S. education system can be achieved only if the outcomes for the vast majority of young people who do not go to college are improved.

SCHOOL-TO-WORK TRANSITION

The small percentage of U.S. resources spent on the noncollege bound is mainly attributable to a very weak—some might argue nonexistent—system for facilitating students' transition from school to work. Most post-high school investment in the noncollege bound is remedial, such as investment in the Job Corps or other government-provided "second chance" education or training programs. But evaluations of these programs have found no evidence that they actually help participants acquire labor market skills or make the transition from school to work.[6] This transition is thus difficult and awkward for the majority of young people who are not college graduates.[7]

Without a transition mechanism, young adults must find their own way in the labor market by trial and error. The research literature consistently shows that, except for those bound for college, success in high school does not translate into success in the labor market.[8] Although getting good grades, taking difficult classes, and regularly attending school are important for students headed for college, those achievements apparently make little difference in the earnings and employment prospects of those not going beyond high school.

The lack of correlation between school performance and success in the labor market may be due to the fact that the United States has no universally agreed-upon skills standards and nationalized tests. Those who perform well in school but do not attend college have no reliable method of communicating their relevant high school accomplishments to prospective employers; the labor market thus does not reward their achievements. If this explanation is correct, then schools fail because they are irrelevant to the majority of students in that they provide no payoff for the students' hard work and learning.

This situation has long been true, according to some observers.[9] When growth in manufacturing based on mass production technology fueled an ever-rising standard of living, basic literacy was the one requirement for most workers. An education level beyond the fundamentals was necessary only for the minority who entered the ranks of management. Under those circumstances, schools succeeded as long as they instilled minimal basic skills in most students. In this view, the failure of the schools coincides with the end of the mass production era. Thus, as schools continue to do what they have always done, these efforts are no longer adequate in educating most of their students.

Until schools can increase the skills level of the majority of students, the burden of providing such skills falls on employers. The emerging awareness of the importance of improving the linkages between the skills that students learn in school and those that are required by employers has led to a variety of significant new initiatives. The Goals 2000 legislation, for example, encourages states to set performance standards for both students and school systems. The National Skills Standards Board (which has equal business and labor representation) is setting skills standards by industry and occupation.

TURNOVER AND TRAINING

A substantial impediment to employer-provided training is the rate of employee turnover, which is higher in the United States than in other nations.[10] While turnover is particularly high among the youngest workers, it is surprisingly high throughout the age distribution. For example, one-third of male high school graduates aged 29 to 31 have held their current jobs for less than one year, which is also true for one-half of males in the same age group without a high school diploma.[11] These high turnover rates discourage employers from investing in workers, especially young workers. Yet if employers do not invest in these workers, there is little else to keep them from leaving their jobs. Thus the cycle is reinforced.

THE SKILLS GAP

Workforce 2000, released in 1987, was the first in a series of reports stressing the long-term implications of a growing skills shortage in the United States.[12] According to this influential report, the changing demographics of the workforce would likely reduce the supply of high skilled workers precisely when the demand for such workers increased. The report direly predicted that the shortage of skilled workers would increase, as would unemployment among workers with low skills levels. Other widely respected reports, such as *America's Choice: High Skills or Low Wages*, reached similar conclusions.[13]

If there is a skills gap in the future, it will not result from a decline in the education level of U.S. workers. The fact that today's younger workers have higher education levels than older workers points to the improvement in the basic skills level of American workers. Instead, the important factors related to skills development appear to be associated with changes in jobs, with the most prominent being the decline in well paying jobs that rely on limited skills. The growth of jobs that demand more from workers may not require further academic skills, but rather may require skills that can be learned only through training, especially on-the-job training. Thus, it becomes especially important to address the factors that are eroding incentives for employer-provided training.

NOTES

This article has been adapted from Laurie J. Bassi, "Skills and the Education Level of U.S. Workers," *Looking Ahead*, Vol. XVI, No. 2-3 (October 1994), pp. 30-35.

1. Complaints about skills deficiencies appear to be unrelated to the attributes of the firm's workforce. That is, some firms are more likely than others to report skills deficiencies, even though their workforces appear to be more or less equivalent.

2. *A Nation at Risk: The Imperative for Educational Reform* (Washington, DC: U.S. Department of Education, National Commission on Excellence in Education, April 1993), p. 5.

3. M. Edith Rasell and Lawrence Mishel, *Shortchanging Education: How U.S. Spending on Grades K-12 Lags Behind Other Industrial Nations* (Washington, DC: Economic Policy Institute, n.d.).

4. Organization for Economic Cooperation and Development (OECD), *Employment Outlook* (Paris, France: OECD, September 1988), p. 86.

5. U.S. Department of Education, National Center for Education Statistics, *The Condition of Education*, NCES94-149 (Washington, DC, 1994), p. 70.

6. David A. Long, Charles D. Mallar, and Craig V.D. Thornton, "Evaluating the Benefits and Costs of the Job Corps," *Journal of Policy Analysis and Management*, Vol. 1, No. 1 (Fall 1981), pp. 55-76.

7. Although this statement certainly applies to many graduates of the nation's university system as well, individuals in this fortunate group at least find themselves at the head of the hiring queue.

8. John H. Bishop, "Incentives for Learning: Why American High School Students Compare So Poorly to Their Counterparts Overseas," in *Research in Labor Economics*, ed. Laurie J. Bassi and David Crawford (Greenwich, CT: JAI Press, 1990), pp. 17-52.

9. See, for example, Robert Reich, *The Work of Nations: Preparing Ourselves for 21st Century Capitalism* (New York, NY: Alfred A. Knopf, 1991), pp. 226-233.

10. U.S. Department of Labor, Commission on Workforce Quality and Labor Market Efficiency, *Investing in People* (Washington, DC, September 1989), p. 16.

11. Gary Burtless, "Meeting the Skill Demands of the New Economy," Paper presented at the Milliken Institute's conference (Washington, DC, November 11, 1993).

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School-to-Work Systems: Redesigning U.S. Education for the 21st Century

by J.D. Hoye and Steven Tegger

The case for fundamentally reforming the U.S. education system and for strengthening its connection with the world of work is compelling. Few education experts deny that the schooling typically offered most American youth is unchallenging, disconnected, uninspiring, and irrelevant. Students are seldom given the guidance or exposure to labor market realities that might enable them to develop the skills employers require or to make a smooth and successful transition from school and adolescence to adulthood and gainful employment. School-to-work systems provide comprehensive career development programs around the country that hold great promise for education reform because they integrate many different elements and strategies of reform efforts.

J.D. Hoye is Executive Director of the National School-to-Work Opportunities Office, jointly administered by the U.S. Departments of Education and Labor.

Steven Tegger is Associate Director of the National School-to-Work Opportunities Office, U.S. Departments of Education and Labor.

THE FIRST CHALLENGE: ENGAGING STUDENTS

Why does the education system serve young people so poorly? Ray Marshall and Marc Tucker explain that the present system, though uninspired, has fit snugly into America's economic engine: "For much of this century . . . American enterprise has been organized on the principle that most of us do not need to know much to do the work that has to be done. . . . [Therefore] we adopted the principle of mass producing low-quality education to create a low-skilled workforce for mass-production industry."[1]

"High school students who do not enroll in selective colleges realize they need not exert themselves," write the directors of Cornell University's Youth Apprenticeship Demonstration Project in Broome County, New York. "Their performance in high school has little or nothing to do with their employment opportunities for the first several years after graduation. Neither grades earned nor the difficulty of courses they took matter. . . . [As a result] they drift through high school taking . . . the easiest courses and doing as little work as possible."[2]

Public school students are generally grouped into one of two tracks—vocational education or general education. According to the director of the Institute for Education and Employment, the curricula in the vocational track "generally do not reflect the needs of the future labor market. . . . Academic courses for [these] students . . . are generally out of date and watered down to the lowest possible level." Employers usually do not view high school vocational programs as a major source of skilled or even train-

"School-to-work systems provide comprehensive career development programs around the country that hold great promise for education reform because they integrate many different elements and strategies of reform efforts."

able workers. In fact, participation in such programs often "stigmatizes workers in the eyes of employers."[4]

The general education track is equally weak, characterized by low expectations and little coherence. Variously described as "shopping mall [schooling] without a clear plan or purpose" and "a large buffet of scholastic junk food," this track often consists of unrelated and watered-down classes that prepare students neither for work nor for further study. Classes are still taught in the traditional academic fashion, stressing isolated facts or generic skills that many students find painfully boring or irrelevant.[4]

The goals of school-to-work systems are to raise student achievement levels and prepare every student for employment and further education. Experience has shown that integrating academic and vocational studies has great potential for advancing these objectives.

All students should have the opportunity to develop intellectually through work on practical projects in the classroom, in the community, and in the workplace. For example, a project that examines the level of lead exposure in different neighborhoods could be designed to simultaneously develop academic and general work-related competencies. Students could set up and execute a scientific experiment, collect and organize demographic data, and apply statistical principles, while learning how to plan and execute a complex work assignment as a team.[5]

All students, including the college bound, can benefit from a pedagogy that teaches academic concepts in the context of practical applications. Effective school-to-work systems merge technical and academic instruction, now taught in separate classes that are often physically segregated. Instead of restricting practical skills training to specialized vocational workshops and classes, this training becomes part of the core academic experience of all students.[6]

THE SECOND CHALLENGE: LINKING SCHOOLS AND WORK

In 1950, 60 percent of jobs were classified as unskilled. By 2000, only 12 percent of new jobs are expected to require low or no skills. Any job that can be done more cheaply by technology is now gone or pays far less than before. In the current global and technology-driven economy, workforce skills are a company's major competitive advantage. American industry, still the most productive in the world, can gain the upper hand in global competition only by developing its greatest resource—its workforce. This means developing workplaces that need high skilled workers to create quality products that are better than those of Third World and other global competitors. These high skilled, high wage jobs demand a new kind of worker with good academic skills who excels at solving problems, at thinking critically, at working in teams, and at constantly learning on the job. The new jobs also call for higher individual productivity and a stronger career focus. Peter Drucker has dubbed this emerging class of workers "knowledge workers," a group he claims will make up one-third more of the U.S. workforce by the end of this century.[7]

This increasing skills premium has hit young workers the hardest. Only 49 percent of high school graduates under age 20 and not in college were employed full-time in 1986, down from 73 percent in 1974. Among youth aged 20-24, dropouts suffered a 42.1 percent decline in wages from 1973 to 1986; for those with high school diplomas but no college education, the decline was 28.3 percent. Fewer than one-half of all young male workers aged 20-24 and fewer than one-fourth of the same age African American male workers in 1994 earned enough to support a family of three above the poverty line.[8]

Those who do not attend a four-year college "often spend a few years drifting from one unskilled 'youth' job to another. . . . And since they are dominated by youth, young workers get little chance to work with mature adult role models."[9] Not until their mid-20s do most of these youth find "adult-type jobs" that offer fringe bene-

"Central to an effective school-to-work system is the joining of classroom-based education with worksite learning experiences."

"Career development that begins at the elementary level is an opportune time to introduce the concept of school as work and students as workers. If work values are developed early in school, they form the foundation that students carry to the workplace."

fits and advancement opportunities. Further, according to MIT economist Paul Osterman, "Roughly one-third of all high school graduates and somewhat more high school dropouts fail to find stable employment by the time they are thirty."[10]

The fact that the education system is out of sync with the changing nature of work has also led to serious consequences for American business. More than 50 percent of U.S. employers say that they cannot find qualified applicants for entry-level positions. It is estimated that business annually spends billions of dollars on training and retraining its workforce. Not only corporate success, but also community and individual success in the new economy mean that the education system has to change.

As noted above, central to an effective school-to-work system is the joining of classroom-based education with worksite learning experiences. Work-based learning provides four important benefits not easily transferable to the classroom:

- a laboratory for developing and exercising complex problem-solving skills in a setting with authentic constraints and pressures;
- reality testing about the nature of different work settings and work roles that casual observation of workplaces cannot offer;
- appreciation of the growing importance of learning as a core aspect of what work is about; and
- development of personal connections to employers, adult mentors, and career pathways.[11]

To make some form of work-based learning available to all students, employers and communities need to generate a broad array of work-based learning placements. These programs should include a continuum from unpaid internships and short-term paid internships in the summer through more intensive, paid training experiences, such as those provided by many existing youth apprenticeship programs. While their duration and scope will vary, all such experiences should ensure quality worksite learning through formal learning plans that allow students to work on progressively more complex tasks guided by worksite mentors. Worksite learning must be closely tied to school-based learning to reinforce and put a student's academic experiences into context. Senior-year projects, designed by students in collaboration with teachers and workplace staff, should emphasize performance and demonstration of academic and technical skills development and be assessed systematically by a panel that might include employers, teachers, and fellow students. Such projects could become the focal point for the integration of learning at school and at work.[12]

THE THIRD CHALLENGE: INFORMING CAREER CHOICE

School-to-work systems focus on providing comprehensive career development programs that are developmentally appropriate. Beginning no later than the eighth grade, every young person should have carefully structured opportunities to explore the world of work as part of their school experience. These opportunities should be of sufficient duration (not just a few hours long) for students to understand the typical workweek at various community workplaces and to see how school subjects relate to skills in work environments. Nontraditional occupations should be emphasized to help overcome stereotypes about who is able to do what.[13]

Career development that begins at the elementary level is an opportune time to introduce the concept of school as work and students as workers. If work values are developed early in school, they form the foundation that students carry to the workplace. Students at this level should be exposed to the role of work, they should be encouraged to explore their own unique qualities, and they should be given basic knowledge about different occupations. The school counselor and the classroom teacher should incorporate career development activities and career education into the education program. For example, parent career days and class visitors can expand children's understanding of the world of work. Visits to community sites as well as to local businesses can broaden their perspective of work.

The emphasis at the middle level is on the refinement of knowledge and the awareness of career paths. This is the time for students to discover abilities and interests

and to begin formulating career and education plans. Many career development activities can be integrated into existing classroom curricula. Team teaching, for example, allows a group of teachers to work together in incorporating career information into the regular school program. Simulated work tasks and school-based enterprises can further connect the student to future careers. Whatever the chosen strategy, the middle years should be a time of expanding career opportunities through exploration activities.[14]

At the high school level, students should be encouraged to select a program of study based on their intellectual and career interests.[15] Studies should be organized around broad career themes (e.g., the arts, communications, or international studies) that at the same time foster interdisciplinary approaches to instruction and the integration of work- and school-based learning. For example, a program organized around the health care industry could include a student newspaper, a school-based health clinic, science labs, an arts component, and computer exploration of management issues in the field.

In choosing and designing thematic programs that incorporate practical experience, including worksite learning, schools should also make use of local institutional and community resources. Some communities have strong biomedical complexes; others are manufacturing rich. These kinds of local assets can be used to advantage in organizing instruction around particular themes.

This type of curriculum teaches academic and practical skills in an engaging, hands-on way, with programs that expand rather than restrict career and education opportunities. As students become clearer about their interests and career plans, program staff should take the initiative to help find or create avenues for students to pursue emerging passions.

Enrollment in postsecondary courses should figure prominently in majors designed by students to add depth and focus to their high school education. Post-secondary institutions include not only two- and four-year colleges, but also the full array of institutions that offer advanced training for careers—skill centers, trade and technical schools, and registered apprenticeship programs. For example, a business-oriented student who decided to focus his or her senior project on business information systems could take college-level classes in computer programming and systems design. Ideally, these classes should complement the student's worksite experiences in, for instance, the computing services department of a local government agency or private firm.

THE FOURTH CHALLENGE: BUILDING COHERENT SYSTEMS

The Council of Chief State School Officers has stated:

> Learning in schools, communities, and workplaces must be synchronized to prepare youth for success in college, careers, and immediate employment. To be effective and to offer maximum routes to success, there must be a coordinated effort across schools, colleges, community-based organizations, youth organizations, social service agencies, and the public sector and business employment communities. Each must work to provide a seamless educational experience without barriers and gaps in service and with appropriate bridges across each transition point. The system must represent a continuum of restructured education, training, and employment experiences supported by health, social, and family services that make it possible for all young people, including those with special challenges, to access these opportunities, succeed in them, and attain the recognition and benefits of participation.[16]

The School-to-Work Opportunities Act, enacted in 1994 with strong bipartisan support, provides limited-term seed capital to states and local communities to create their own school-to-work initiatives based on regional economic and labor market needs. The act sets forth a framework of core components and goals, but does not mandate the design of state and local school-to-work sys-

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"Without intensive and continuing efforts—in terms of demonstration, research, advocacy, policy development, and capital—nothing will prevent the school-to-work concept . . . from being marginalized into a limited, tangential add-on to a fundamentally unchanged, and still lamentable, youth development system."

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tems. The federal role is limited to providing venture capital grants, technical assistance, dissemination of information and best practices, and research and evaluation.

The act requires that local partnerships—an essential element in building school-to-work systems—be established for an area to receive federal grants. Membership in the local partnership must include employers, labor, educators, parents, and students. The local partnership collaborates with the statewide partnership and the state plan to design and implement the local school-to-work initiative.

To date, more than $250 million have been invested in these grants. In 1994, all 50 states plus the Commonwealth of Puerto Rico and the District of Columbia were awarded noncompetitive State Development Grants, ranging from $250,000 to $750,000, to begin planning for school-to-work systems. Eight states were successful competitors for State Implementation Grants and received $43 million in 1994 and $87 million in 1995. A second round of 19 states received $74 million in 1995. In addition, a number of communities have been awarded Local Partnership Grants and Urban/Rural Opportunity Grants targeted to high poverty areas.

At present, the future of federal venture capital grants for the School-to-Work Opportunities Act is in doubt. Block grant legislation currently in Congress would repeal the act effective in FY 1997 or FY 1998 and consolidate school-to-work funding with other job training and education initiatives. The President has gone on record as opposing the repeal and supporting dedicated funding to continue School-to-Work Implementation Grants. Without a strong, lasting school-to-work infrastructure, the promise of this bill for youth development will be unfulfilled.

The uncertainty of continued support at the federal level comes when data and anecdotal information from sites across the country that are working hard to implement school-to-work systems demonstrate two outcomes: (1) it takes a sustained commitment over four to five years in a community to bring school-to-work systems to scale for a significant number of students; and (2) the systems work. In communities where school-to-work initiatives predate the federal legislation, partnerships are beginning to see higher student achievement, lower dropout rates, and increased satisfaction by stakeholders in the education system. But without intensive and continuing efforts—in terms of demonstration, research, advocacy, policy development, and capital—nothing will prevent the school-to-work concept from going the way of the hula hoop or, perhaps more likely, from being marginalized into a limited, tangential add-on to a fundamentally unchanged, and still lamentable, youth development system.[17]

NOTES

This article is an adaptation of J.D. Hove's presentation at the April 1995 meeting of the National Planning Association's Committee on New American Realities. The article is based on two primary sources: Richard Mendel, *The American School-to-Career Movement: A Background Paper for Policymakers and Foundation Officers* (Washington, DC: American Youth Policy Forum, 1994); and Susan Goldberger and Richard Kazis, *Revitalizing High Schools: What the School-to-Career Movement Can Contribute* (Washington, DC: American Youth Policy Forum, Institute for Educational Leadership, Jobs for the Future, and National Association of Secondary School Principals, 1995).

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6. Ibid., p. 18.

7. Peter F. Drucker, "The Age of Social Transformation," *The Atlantic Monthly* (November 1994), pp. 53-80.

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11. Goldberger and Kazis, *Revitalizing High Schools*, p. 16.

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14. National Occupational Information Coordinating Committee (NOICC), *Program Guide: Planning to Meet Career Development Needs: School-to-Work Transition Programs* (Washington, DC: NOICC, October 1995).

15. The following paragraphs in this section are based on Goldberger and Kazis, *Revitalizing High Schools*, pp. 14, 15, and 20.

16. Council of Chief State School Officers, *Youth and Preparation for Employment (Executive Summary)*, (Washington, DC, 1995), p. v.

17. Mendel, *The American School-to-Career Movement*, p. 21.

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IV. THE EFFECTS OF DISLOCATION AND TRADE

Continuing the Search for a "New Covenant" for America's Dislocated Workers

by Sheldon Friedman and Jane McDonald-Pines

This article focuses on the failure of U.S. labor market policies to provide dislocated workers with adequate opportunities to remake their lives and provide economic security for their families. It suggests a very different policy framework for a new covenant for America's displaced workers. Among the many changes recommended here for a restructured training system are those for workers dislocated by the effects of globalization and trade.

A FRAGMENTED APPROACH TO U.S. TRAINING AND EMPLOYMENT SECURITY

During the debate over the enactment of the North American Free Trade Agreement (NAFTA), its opponents properly contended that the agreement as proposed was so deeply flawed conceptually that even the most comprehensive dislocated worker assistance program could not overcome NAFTA's damaging consequences for the vast majority of U.S. workers. The opponents foresaw the following scenario under NAFTA: Mexico would supply cheap labor and minimal health, safety, and environmental enforcement; the United States would supply the consumer market; multinational corporations would derive the profit; and U.S. workers would face further wage and benefit cuts and job losses. Quite unlike the European Union's (EU) approach to economic integration, NAFTA was silent or ineffective by design on the critical issues of labor standards, worker rights, health, safety, and environmental protection. In contrast to the care taken in the EU to avoid "social dumping," NAFTA would become an open invitation to intensify this practice.

The debate surrounding NAFTA also cast a needed spotlight on the glaring inadequacy of U.S. policies and programs to assist dislocated, or displaced, workers. These are experienced workers who lose their jobs after working many years, often for the same employer, whose sudden and relatively long-term drop in earnings results from corporate downsizing or other structural changes, such as defense conversion, trade policies, or technological innovations. U.S. workers caught in the crossfire of corporate restructuring have one of the weakest safety nets in the industrialized world. Fewer than 40 percent of America's unemployed receive any unemployment insurance (UI). U.S. recipients get a smaller benefit in proportion to their prior wages and for a far shorter time than unemployed workers in western Europe.

Sheldon Friedman is an Economist with the AFL-CIO Department of Economic Research.

Jane McDonald-Pines is Executive Assistant to the Director at the AFL-CIO Human Resources Development Institute.

Canada, or Japan. To make matters worse, many of the unemployed in the United States are forced into the ranks of the 41 million Americans who lack health insurance coverage. In every other industrialized country, national health insurance is not only the norm but continues without interruption for unemployed workers and their families.

The public employment service, never particularly effective in the United States by international standards, has been weakened by deep budget cuts since the early 1980s. More and more responsibility for public labor market programs and control over vast sums of public funds have been turned over to local Private Industry Councils (PICs).

The training provided to dislocated workers in the United States is often of short duration and poor quality. Western Europe and Canada expend, on average, a far higher proportion of their gross domestic product (GDP) on worker training and offer training for a much longer period than the United States. Federal programs intended to assist dislocated workers serve no more than 5-10 percent of the vast dislocated worker population, most recently estimated at 3.2 million.[1]

A REVIEW OF CURRENT PROGRAMS

The U.S. labor market system can generally be characterized as fragmented, with thinly spread resources and driven by institutions that have secured power over the past two decades rather than by the needs of unemployed workers. In 1992, the U.S. General Accounting Office (GAO) catalogued 125 employment and training programs that were being funded with federal resources through 14 federal departments.[2]

However, among this maze are training programs that successfully serve unemployed workers. These programs often involve the strong commitment of unions, workers, and employers along with government and community organizations. Unfortunately, the United States lacks a coherent, adequately funded system to replicate and institutionalize these best practices to meet fully the training, education, and income support needs of most dislocated workers.

During the past three decades, Congress has enacted several programs to help unemployed workers make the transition to new jobs. In the absence of comprehensive assistance for all dislocated workers, administrations and Congress have sought to compensate at least those whose careers have been adversely affected by federal policies. For example, during the 1960s and 1970s, programs compensated workers hurt by increased imports, by the expansion of the Redwoods National Park, by railway mergers, and by airline deregulation. During the 1980s, special programs aided workers affected by clean air legislation as well as by cutbacks in defense spending. Each of these programs had different eligibility requirements and provided differing levels of benefits and training.

Trade Adjustment Assistance

Trade Adjustment Assistance (TAA) is the government's often-reaffirmed but never fulfilled commitment to help workers injured by trade. Even so, it is the only sizable U.S. program that approaches international standards in duration of assistance and provision of training. For dislocated workers who qualify, TAA provides a range of benefits, including job search assistance, relocation assistance, and up to two years of training assistance. Most important, it offers modest income support for up to one year after an eligible worker's basic unemployment benefits have expired. Income support is essential so that trade-injured workers can afford the longer-term, higher quality training needed for new jobs.

However, since 1981, TAA has been cut back, even throughout periods of massive trade deficits and worker

"The U.S. labor market system can generally be characterized as fragmented, with thinly spread resources and driven by institutions that have secured power over the past two decades rather than by the needs of unemployed workers."

dislocations. Funding is so tightfistedly dispersed that only 28,818 workers received TAA benefits in 1995, despite a $160 billion trade deficit. Even though TAA has survived a threatened merger into a job training block grant under proposals before Congress, it is still woefully underfunded. Republicans are again proposing elimination of TAA and the NAFTA-Transitional Adjustment Assistance Program. The House Budget Resolution for FY 1997 would eliminate these programs. Although TAA is far from perfect, most of its problems stem from inadequate commitment of resources and inadequate federal oversight. Money may be saved, but at the expense of workers who lose their jobs because of federal policies and decisions and who urgently need and clearly deserve to be helped.

NAFTA-Transitional Adjustment Assistance Program

The NAFTA implementing legislation included a modest program, even more limited than "regular" TAA, to assist workers dislocated because of the agreement. These are primary workers—those directly affected by their firms' relocation to Mexico or Canada or by increased imports from Mexico or Canada—as well as secondary workers—farm workers, supplier workers, and certain others ineligible under restrictive TAA rules, but who nonetheless lost their jobs because of NAFTA.

Like TAA, NAFTA-Transitional Adjustment Assistance (NAFTA-TAA) survived being folded into a block grant. Many in Congress would not have voted for NAFTA had they known that the federal government would not remain committed to assisting workers injured because of the agreement. NAFTA-TAA is inadequate, but its elimination will make the situation even more dire for thousands of workers.

The poor administration of NAFTA-TAA at the state level—since the states already have enormous responsibility for it—is a serious problem. Because of many states' inadequate outreach efforts, potentially eligible unemployed workers are unaware of the program's existence and thus cannot even apply for assistance.

Since NAFTA took effect, NAFTA-TAA petitions have been submitted by or on behalf of workers at 1,043 firms in 48 states. The 535 certifications as of May 28, 1996, cover nearly 72,000 workers. Congress, which adopted NAFTA over the strenuous opposition of most American working people, should not renege on NAFTA-TAA's modest but important commitment to help NAFTA victims. Yet it remains vulnerable to congressional appropriators.

The Job Training Partnership Act

Other industrialized nations aid unemployed workers primarily through comprehensive unemployment compensation and employment service systems. Their income support and training systems are closely tied to labor market exchange services. This is not the case in the United States. The U.S. Employment Service and UI systems are funded separately from training and adjustment services, and their delivery systems also differ. Most U.S. training service programs are funded under the 1983 Job Training Partnership Act (JTPA) through a decentralized network of state governments and local government consortia.

JTPA funds are earmarked for disadvantaged adults and youth and for dislocated workers. Training and adjustment services for dislocated workers are authorized under Title III of JTPA. Title III was amended in 1988 when Congress passed the Economic Dislocation and Worker Adjustment Assistance (EDWAA) Act.

Twenty percent of all JTPA Title III funds are set aside at the federal level and can be used by the U.S. Department of Labor (DOL) for employment programs for workers affected by natural disasters or multiregional and industrywide layoffs. Forty percent of the remaining funds allocated for dislocated workers go to the states to provide rapid response services to employers and workers facing layoffs and to establish on-site labor-management committees to provide timely training and adjustment services to affected workers. Fifty percent is distributed locally by formula. Another 10 percent of JTPA Title III funding is distributed on the basis of need during the program year.

JTPA Title III Effectiveness

Programs under Title III JTPA (EDWAA) have received increasing funding in response to the enormous growth in the number of permanently laid-off workers. Even so, these programs have reached only 5-10 percent of those eligible for services.

Little information or objective data are available on EDWAA's success in training and placing dislocated workers. The few reports that exist show disturbing insights into the quality and effectiveness of services. For example, a 1992 study by SRI International examined the implementation of EDWAA programs in 10 states and found that:

- only one state monitored program quality and provided the technical assistance needed to run effective programs;
- more than one-half of the 20 sites studied had moderate to severe problems in providing timely information and early intervention to dislocated workers, despite the law's requirements;
- most of the local program administrators (Service Delivery Areas, or SDAs) paid little attention to assessing the need for financial assistance or personal or career counseling, so that the full extent of a worker's needs was rarely documented;
- local SDAs encouraged participants to fill empty slots in available training programs rather than searching for services that best matched their clients' interests and employment goals. Even though many participants had lengthy work experience, only entry-level training was offered in the majority of SDAs, and clients were often placed in jobs unrelated to their training.[3]

Further, despite legislative requirements and DOL directives, many SDAs have failed to establish labor-management committees to help with early intervention. No current data are available on the number of labor-management committees formed under EDWAA. However, earlier evidence collected by the General Accounting Office indicated that such committees were involved in only 20 percent of reemployment assistance projects.[4]

One inherent drawback of EDWAA is its lack of income support. Few dislocated workers can afford to undertake training without income support, yet local SDAs may use no more than 25 percent of their funding for income support and other services. Nationwide, less than 7 percent is spent on these supportive services. As a result, the length of enrollment is less than 18 weeks, and the time spent in training is even shorter.

Another barrier to the receipt of income support is the requirement that workers be enrolled in training by the 13th week of their unemployment compensation benefit period. Given GAO findings that 41 percent of EDWAA participants did not enroll in training until after 15 weeks of unemployment,[5] a significant number of workers (including NAFTA-TAA participants) are clearly denied income support simply because of administrative delays in enrolling them in training. Even when a worker qualifies for income support, the payments are quite small, with workers receiving only the higher of their unemployment compensation benefits or payments based on the national poverty level. For dislocated workers, the duration of training along with placement in training-related jobs has a direct, positive impact on earnings gains.[6] Although long-term training is most effective, many workers are unable to undertake such training without income support. In addition, inflexible, semester-based programs limit workers' ability to enroll.

The Unemployment Insurance System

Created in 1936, the federal unemployment insurance system provides workers with their primary source of income during joblessness. As noted above, while the majority of workers in other industrialized countries are covered, less than 40 percent of U.S. workers are served by the UI system, and the duration of their benefit entitlement is generally far shorter. Further, on average, the United States replaces less than half a worker's earnings compared with 60 percent in Canada, up to 80 percent in Japan and Italy, and 68 percent in Germany.

The U.S. Employment Service

Because the U.S. Employment Service has been extremely underfunded in recent years, it has been unable to fulfill its main mission as the primary source for labor exchange services in local communities, unlike other industrial democracies. Since it is not mandatory for employers to list job openings, employers (including U.S. federal contractors and subcontractors) do not list their job vacancies. The Employment Service thus lacks adequate information about local labor markets and is not used as a one-stop career center by workers seeking jobs or by employers with job vacancies to fill.

"Joint programs are highly effective tools for addressing skills shortages and worker displacement while promoting more effective labor-management relations."

The Worker Adjustment and Retraining Notification Act

WARN requires employers of 100 or more workers to give a 60-day notice of a plant closing or mass layoff. Mass layoff means that at least 50 workers suffer employment loss within a given time period (30-90 days).[7] However, WARN contains many loopholes and ambiguities. The results of a 1993 GAO survey confirm the opinion of labor, government, and even some business officials that WARN needs major improvements.[8] More than 50 percent of the employers surveyed did not properly notify their workers before closing their plants, and 29 percent who did provide notice failed to give the required 60-day warning. WARN also exempts businesses seeking additional capital and layoffs caused by "unforeseeable business circumstances." To make matters worse, WARN has no enforcement mechanism. Individual workers or their unions must take their case to a court of law.

THE ROLE OF UNIONS IN SERVING DISLOCATED WORKERS

Union involvement in job training programs extends from planning to implementation. The 1,100 labor representatives on JTPA councils help ensure that these programs provide high quality services and meaningful training. Hundreds of union-involved dislocated worker programs also operate around the country.

The expertise of unions in directly providing training, negotiating training funds, and helping workers make informed choices about careers and jobs needs to be more fully reflected in public training programs. For example, through their apprenticeship programs, unions have developed the best methods for combining classroom and on-the-job training so that these workers' skills are at world-class levels. However, for many years, federal and

state policies have limited labor's role in the planning, design, and operation of programs that serve unemployed workers, even workers that unions directly represent.

Despite the many barriers, labor unions, often in conjunction with employers, have been able to maximize the limited resources available to provide outstanding services to workers—union and nonunion—seeking retraining and reemployment help. A GAO study of 80 programs for dislocated workers concluded that those "operated by employers and/or unions had above average results about three times more often than projects operated by other organizations, such as service delivery areas."[9]

When opportunities have permitted, labor organizations have enthusiastically initiated and participated in programs. Since its formation in 1968, the AFL-CIO Human Resources Development Institute (HRDI) has worked closely with thousands of trade unionists to design training and readjustment programs. HRDI has served more than 360,000 workers through job search assistance workshops, counseling and job development programs, training seminars, conferences, and other activities. More than 30 state AFL-CIO federations have labor-JTPA coordination staff or operate programs.

Industrywide Labor-Management Training and Education Programs

Although joint union-management training and education efforts are not new, in recent years many unions have made training and worker development top priorities at the bargaining table, benefiting millions of union members. Unlike traditional company programs, joint training is participant driven and tends to focus more on career development and lifetime education; joint programs also tend to be more far-reaching and involve more team-based approaches. Union leaders help ensure that training programs are fully democratic, achieve tangible results, and are not subject to arbitrary changes when management structures are altered. In short, joint programs are highly effective tools for addressing skills shortages and worker displacement while promoting more effective labor-management relations. As the demand for workers with high skills and versatility increases in the global economy, organized labor will continue to focus on workplace education and training to promote the welfare of union members.

Joint training and education programs come in a variety of forms and offer a wide range of services, depending on the industry and the needs of workers and employers. In many cases, a joint board composed equally of union and management representatives is involved in the design, implementation, and evaluation of these programs. Funding comes from negotiated contributions, often based on a percentage of covered workers' hourly wages.

The following highlights are only a sample of the numerous joint union-management training and education activities available to union members.

• Apprenticeship training, or learning by doing, is the oldest form of job training and has the longest history of joint labor-management cooperation. All of the major building and construction trade unions have long-established Joint Apprenticeship Training Committees (JATCs) that oversee apprenticeship training and skills upgrading at the local level. JATC funds, determined through collective bargaining agreements, average about $500 million a year to train 180,000 apprentices and 500,000 journeymen.

• The United Auto Workers has joined with Chrysler, Ford, and General Motors to develop programs that allow workers to upgrade skills, further their education, and seek assistance in personal and work-related matters. Originating as a response to worker dislocation caused by the mass layoffs in the early 1980s, these programs are now broadly focused on training for all former and current members.

• The telecommunications industry has also been transformed by mass layoffs and corporate restructuring since the mid-1980s. In response to these concerns, the Alliance for Employee Growth and Development was established during 1986 contract negotiations between AT&T, the Communications Workers of America (CWA), and the International Brotherhood of Electrical Workers (IBEW). That same year, IBEW and AT&T established the Educational Training Opportunities Program (ETOP) for AT&T manufacturing employees. CWA and IBEW have also entered into similar innovative arrangements with a number of other telecommunications companies modeled on their successful partnership with AT&T.

• The Service Employees International Union has successfully established joint training programs through several collective bargaining agreements. The union has devised a number of effective strategies to expand upward mobility for their members, many of whom are in traditionally low wage, low skills occupations.

• In 1971, the American Federation of State, County, and Municipal Employees (AFSCME) District Council 37 and New York City negotiated training provisions in their contract and established an education fund. Operated by the union, this fund develops job and career-related training programs for AFSCME members in a variety of work settings.

• The International Association of Machinists and Aerospace Workers (IAM) has been dramatically affected by changes in the aerospace industry. In 1989, IAM and the Boeing Company signed a collective bargaining agreement that established the Joint IAM/Boeing Quality Through Training Program. The QTTP is funded through a contribution of 10 cents per hour worked by bargaining unit members, reflecting the willingness of union workers to forgo a part of their wages to promote continuous learning. The trust generates about $10 million annually for skills upgrading programs, basic skills instruction, and related activities. The QTTP also oversees a massive retraining/reemployment program for laid-off Boeing workers using JTPA Title III funds.

• To develop education and training initiatives in the steel industry, the United Steelworkers of America established the Institute for Career Development. The ICD involves all major steel companies and the union in jointly funding programs, devising training strategies, and evaluating services. It operates through a network of joint local committees coordinated by a central headquarters. This "bottom-up" planning process allows the local joint committees to identify programs and services, such as basic skills, technical skills, or personal development, that are most important to their members.

AN OVERVIEW OF ORGANIZED LABOR'S OPPORTUNITIES AND WORKER PROTECTIONS

Beginning with labor's apprenticeship programs, unions have been increasingly successful in turning workplaces into learning places. Even in areas of high unemployment, unions have encouraged employers to invest in basic skills education and occupational skills training. Full and continuing labor involvement is essential to ensure high quality training and to convince workers that they have a stake in the process and its results.

Policies that protect worker and participant rights must be part of any restructured job training system. At a minimum, these should include:

- prohibitions on displacement, replacement, or impairment of promotional opportunities of currently employed workers;
- strong health and safety standards for all training programs, including worker compensation coverage for participants;
- wage requirements, including minimum wage requirements and Davis-Bacon coverage; and
- an understandable, institutional mechanism to file complaints about lack of service and to obtain redress of grievances.

REFORMING AMERICA'S EMPLOYMENT AND TRAINING SYSTEM

Clinton Administration and Congressional Proposals

The Republican majority in Congress is considering legislation that would profoundly change the nation's employment and training system. Unfortunately, the underlying principle of these efforts is cutting federal spending rather than helping dislocated workers. The Clinton administration also has announced the general principles and policies it seeks in employment and training legislation. The initiatives now being debated include:

• *The Workforce and Career Development Act of 1996 (H.R. 1617).* At this writing, Senate and House members are engaged in a conference to reconcile differences related to two bills passed by their respective bodies in late 1995. Both bills consolidate a large number of training, adult, and vocational education programs into block grants administered by the states. Differences in the bills include the role of the Employment Service, the authority of locally elected officials and workforce development boards over programs, mandatory vouchers, and the establishment of a separate program for dislocated workers. In addition, both consolidation proposals call for reduced funding levels for the combined programs. There is considerable uncertainty about the resolution of these differences and the potential for enactment during this session of Congress.

• *The Clinton Administration's GI Bill of Rights.* The Clinton administration has not introduced legislation, but rather has used budget proposals (noted later) and other forums to convey its basic agenda. This agenda includes mandatory vouchers for dislocated workers and one-stop career centers to provide access to all training and employment programs.

"The AFL-CIO recommends the establishment of tripartite advisory structures at the federal, state, and local levels where labor, business, and community leaders can work with elected officials to provide workers with training and education opportunities that lead to high wage, high skills jobs."

The AFL-CIO's Perspective on Restructuring Job Training: Guidelines to Develop a Worker-Centered System

As the number of U.S. workers, employed and unemployed, who need training and reemployment assistance continues to increase, America's job training system is clearly in need of reform. However, the AFL-CIO has deep reservations about current consolidation and block grant reform recommendations. Already insufficient programs could be worsened by decreased resources, potential privatization, and reducing organized labor's role in decisionmaking.

The AFL-CIO is particularly concerned about proposals that would result in privatization of the Employment Service and eliminate opportunities for labor organizations to help plan and design programs. Neither the Senate nor House proposals include an explicit role for organized labor to nominate representatives to state and local workforce development boards, but rather call for individual employee representatives to serve as the voice of workers (based on data showing that unions represent only 16 percent of the workforce). Yet even as unions are denied representation, business organizations and their trade associations are given this opportunity. The Chamber of Commerce, the largest and arguably the most "representative" of all business organizations, counts as members only 3.5 percent of U.S. companies. The proportion of businesses that are members of other organizations, such as the National Association of Manufacturers and the National Alliance of Business, is even less. It is difficult to understand how an individual employee representative with no affiliation to any group can adequately represent the interests of all who are to be served through job training programs. As already discussed, union expertise must be brought to bear on the job training system.

The AFL-CIO recommends the establishment of tripartite advisory structures at the federal, state, and local levels where labor, business, and community leaders can work with elected officials to provide workers with training and education opportunities that lead to high wage, high skills jobs. In light of the current system's fragmentation and uneven quality, the challenge is to build national policies based on existing institutions and integrate services for all adult workers. In addition, a national training system must be driven by the needs of workers, not by training institutions. This requires targeted, specialized programs for dislocated, disadvantaged, and incumbent workers, which the one-size-fits-all block grant approach will not provide.

The following sections discuss the key elements of a restructured program that the AFL-CIO believes is needed to effectively serve dislocated as well as current workers.

Access and Eligibility

Worker Profiling

Worker profiling is aimed at identifying potential long-term unemployed workers. Efforts should be made to identify those who need special assistance and refer them to services. Four general principles should apply to worker profiling: (1) workers should be entitled to counseling before profiling takes place; (2) profiling should be voluntary on the part of workers; (3) factors such as interest and experience should be considered when a worker is profiled; and (4) the right to appeal should be ensured, particularly as it relates to the development and content of service plans and other referral decisions.

Eligibility

Eligibility for all workers should be based on objective, public guidelines without discrimination of any kind. Dislocated workers should not face restrictive eligibility requirements. Those having the fewest skills and the greatest needs should be given priority for service.

Under a redesigned system, workers dislocated by economic conditions should be eligible when they:

- have been laid off because of a permanent closure or substantial layoff at a plant, facility, or enterprise (including public sector agencies);
- have received verbal or written notice of layoff that is determined most likely to be permanent;
- are long-term unemployed and face substantial barriers to reemployment, including age;
- have limited opportunities for reemployment in the same occupation in the area in which they reside.

For trade-impacted workers, TAA, even with its current administrative limitations, offers the best opportunities for education, training, and income support. The AFL-CIO has developed a proposal, summarized in Table 1, that sets forth much needed major improvements in TAA benefits, eligibility, and funding. Workers displaced by government policies, such as deregulation, environmental mandates, or defense cutbacks, should be eligible for additional training and income support when they:

- have been laid off or have received verbal or written notice of layoff because of competing imports or relocation of production facilities abroad (including workers in supplier facilities);
- have been laid off or have received verbal or written notice of layoff because of federal policies, legislation, or administrative actions resulting from environmental mandates or defense cutbacks (including workers in supplier facilities).

Worker Assessment

Dislocated workers should receive individualized, confidential assessments of their occupational backgrounds, learning styles, aptitudes, and personal interests to help them select employment, education, and skills training services.

TABLE 1

SUMMARY OF AFL-CIO RECOMMENDATIONS TO IMPROVE TRADE ADJUSTMENT ASSISTANCE

Among the improvements needed for TAA are restoration of the 1974 wage replacement formula, lengthened duration of benefits, medical insurance, bridge benefits for workers near to retirement, and a new emphasis on targeted job creation.

Wage replacement formula: Eligible trade-injured workers currently do not begin to receive trade readjustment allowances (TRAs) until their unemployment insurance (UI) entitlements have been exhausted. The amount of their TRA cash benefit is the same as their most recent weekly unemployment insurance benefit.

From the 1974 Trade Act until the cutbacks of 1981, workers received weekly cash benefits in the form of TRAs and UI combined that were equivalent to 70 percent of their prior pay, up to a maximum of the average manufacturing wage. Restoration of this benefit formula is certainly justified. Current unemployment benefit levels are inadequate to meet the income support needs of jobless workers. The average weekly unemployment insurance benefit was only $185 in 1995, just 36 percent of the average wage in covered employment and well below the poverty line for a family of three. Pending improvements in UI for all unemployed workers, restoring the 70 percent wage replacement benefit would significantly remedy this shortcoming of the current TAA program.

Duration of benefits: Although the evidence of long-term benefits from retraining is mixed, it is clear that such training is not of sufficient duration or quality to build career-enhancing skills. Providing workers with the income support needed to complete a full two-year training program would greatly strengthen TAA.

Medical insurance: Unemployed workers injured by trade need medical insurance coverage for themselves and their families. Current law allows workers to reimburse their former employer for up to 18 months of coverage at group rates, but this forces most of the unemployed into a cruel choice between groceries and medical insurance. There also is evidence that lack of medical insurance inhibits dislocated workers from undertaking long-term training. The average premium for medical insurance available to workers is $3,800 per year—$73.50 per week, or nearly 40 percent of the average weekly benefit. Medical insurance should be a benefit under TAA.

Bridge benefit: A special bridge benefit is needed for workers who will be eligible to retire within four years after they lose their job. Training requirements should be waived for these workers, who may have spent many years in an industry; they often have specific job skills that were of great value to their former employer but have little transferability in the job market.

Targeted job creation: Targeted employment creation also needs to be incorporated into the TAA program. Dislocated workers may be helped by income support in the short run, but their old jobs are gone forever. Economic conversion proposals, including planning grants, subsidized loans, and labor-management alternative use committees, provide a model for what could be done. Jobs related to commercial technologies that meet national needs should receive priority consideration (e.g., mass transit/high speed rail).

IMPROVED ELIGIBILITY

Current TAA eligibility criteria are highly restrictive. First, the group of petitioning workers must be certified by the Department of Labor. To be certified, DOL must find that all three of the following conditions are met:

- a significant number or proportion of the workers in the firm have been or are threatened to be totally or partially laid off;
- sales or production of the firm have decreased absolutely;
- increased imports of articles like or directly competitive with articles produced by the firm have "contributed importantly" to both the layoffs and the decline in sales or production.

After their group has been certified, individual workers must apply and be found eligible before they can receive any benefits.

The difficulty of passing current certification and eligibility tests is reflected in TAA program figures for 1995. Of the 134,481 workers involved in petitions for TAA in that year, DOL certified less than two-thirds (88,685). Benefit checks were received by only 28,818. These figures understate the problems because far more workers would apply for TAA if it were not so difficult to qualify.

Significant improvements are needed in certification and eligibility rules for TAA. Workers deserve rules that are related to the injury they have sustained and to their income and training needs, not rules governed by shifting political sands or a desire to reduce the budget deficit at their expense. Examples include automatic coverage for export of jobs, coverage for secondary and nonmanufacturing workers, and industrywide certification.

CREATING A TRUE ENTITLEMENT

Although TAA technically is an entitlement, lack of a dedicated source of funds has meant constant changes in eligibility criteria to limit costs. Workers injured by trade must not be denied benefits because of inadequate funding for the TAA program.

Benefits under TAA must therefore be a true entitlement for workers injured by trade, not subject to yearly budget battles and repeated threats of cutback. A TAA trust fund should be established, financed by an earmarked portion of future tariff revenues. Because tariff revenues amount to $16 billion per year, even a modest portion of them would finance a greatly expanded TAA program.

Such a funding mechanism would provide a secure and long-term source of revenue. It is a logical and sensible way to fund a program to compensate and help workers who are victims of international investment and trade.

Information and Training Services

Programs must maximize the transition of displaced workers to jobs in expanding industries. Workers must have access to all information and referral services in a convenient, accessible location. Each state's Employment Service should manage this system. The following services should be offered to all workers seeking assistance:

Labor Market Information

All employers should be required to list job openings with the Employment Service, except where established referral systems exist, to open up a much wider array of jobs to those seeking work. This would give the Employment Service better information about local labor markets, and it would also receive more attention (and respect) from job seekers and from employers looking for workers. The Employment Service should not be privatized, but instead should become the hub of all one-stop career center initiatives being contemplated by the administration and Congress. If it is fully funded and its mission revitalized, the Employment Service can offer career guidance, skills assessment, individualized training and employment plans, and occupational projections at the local, state, regional, and national levels.

Job Search Assistance/Job Placement

Workers with readily transferrable skills should be provided with job search assistance and job placement services. Employers should be provided with referrals to job openings that match workers skills.

Occupational Skills Training (Classroom)

In response to the demands of the changing workplace, programs should emphasize the breadth of skills required for an increasing number of workers. Tuition payments for technical, vocational, undergraduate, graduate, professional, and post-graduate programs should be available for a three-year period. Workers could either participate in class-size programs funded through direct contracts with training providers or use individual training grants for a specified period. Until such time as an adequate system exists for all, workers dislocated by government policies should be eligible for services beyond those provided to others. Training providers must be certified and agree to accountability and performance standards set by locally elected officials and local labor market boards, with federal and state oversight. Also, certain payments should be withheld from providers until training has been completed and an acceptable placement made for the participant. Union input into the design of training will help ensure high quality training in demand occupations.

Basic Skills Education

Basic literacy and math training as well as English-as-a-second-language training should be guaranteed to every worker who needs such training, with the requirement that basic skills programs be fully integrated with occupational skills training. Basic skills upgrading should be provided by those fully versed in adult learning techniques. Unions are often in the best position to design and develop basic skills programs that are based on what workers already know.

On-the-Job Training

Employers should be encouraged to use on-the-job training for entry-level as well as incumbent workers who need skills-enhancement training. Training grants should be awarded on a contractual basis, with stringent performance standards requiring placement in good jobs at a predetermined wage level for at least 90 days and worker concurrence that the employer has complied with the contract's requirements. Employers would receive progressive payments during the contract period that would be repaid if performance measures were not met.

Public Service Employment

Short-term (12-month) public service jobs should be made available to workers unable to find employment in the private sector.

Early Intervention Services

An effective Worker Adjustment and Retraining Notification system should trigger rapid response services to firms in trouble. Labor-management committees should be created—and participation made mandatory—to provide counseling, referral, and direct training where appropriate. It is important to determine why these committees have been established in less than 5 percent of large-scale job dislocations. Voluntary participation has meant no participation by many U.S. employers engaged in downsizing their workforces. The WARN act should be changed to require establishment of such tripartite committees with a neutral chair, mandatory participation and cooperation by management, and representation by workers in all large-scale dislocations in the United States. The act must also be strengthened substantially, with the DOL given responsibility for its administration and enforcement, as also recommended by the GAO. Existing loopholes must be closed. The period of notice should be increased to at least 90 days, and penalties for failure to provide notice should be increased. Workers should receive severance pay, and their medical and life insurance should be continued for a stated period at the employer's expense.

Income Support

A system of comprehensive income support is essential for dislocated workers to take advantage of longer-term, higher quality training and retraining opportunities and to undertake extended job searches. The level and

duration of income support should be commensurate with the AFL-CIO proposals for TAA. The centerpiece of these improvements should be comprehensive reform of unemployment insurance, crucial to the welfare of jobless workers, that would include: (1) improving UI funding by indexing the federal taxable wage base to at least 65 percent of the average annual wage; (2) setting federal minimum benefit standards to ensure fair treatment of all jobless workers; (3) easing criteria for eligibility and qualification for extended benefits; and (4) providing adequate administrative financing to the state and removing all UI trust funds from the federal unified budget to protect the integrity of the UI system.

Counseling, Case Management, and Support Services

Public institutions such as the Employment Service that are not tied to education and training deliverers are in the best position to refer workers to training providers based on their individualized employment/training plans as well as on the provider's performance record. Each displaced worker should have a permanent case manager who can help plan an individualized set of services. Workers should have the right to review and formally "sign off" on the recommendations of their individual employment/training plan prior to enrollment. Peer support and counseling programs are vitally important because they help workers respond to the psychological issues of layoff and bring personal support to workers in need. Child care, transportation, and relocation are also important support services.

Programs for Currently Employed Workers

Firm-Based Skills Upgraded Training

Training should be made available to incumbent workers for upgrading and retraining, particularly in industries where jobs are threatened. Joint labor-management committees should be established in every company to provide oversight and evaluation. Policies should be included in the training programs that prevent the undercutting of existing apprenticeship programs. Training should be linked to career ladders and compensation plans to reward increased skills.

Worker-Based Skills Upgraded Training

Workers whose employers choose not to participate or workers who are ineligible for customized training should have direct opportunities for training grants. These grants would enable workers whose jobs were threatened or who were in low wage, low skills occupations to improve their employability through skills-enhancement training and basic skills education.

Training Consortia

Public policy and public programs should support the development of training and learning consortia among multiemployer/union groups. Community-based consortia can help facilitate the development, cost sharing, and expansion of training programs.

THE DELIVERY AND FUNDING SYSTEM FOR A RESTRUCTURED TRAINING PROGRAM

A critical question in determining the new job training system is how to define the appropriate roles for federal, state, and local governments as well as for labor and employers. As demonstrated by many west European programs, workforce training systems operate most successfully when they have equal input from organized labor, employers, and community and government organizations. To achieve a renewed social contract for employment security, human resource investment structures must be built at the national, state, and local levels.

The National Level

The federal government must maintain a strong role in ensuring that the nation's job training system meets national goals of high quality training and high wage jobs. The federal government must set high standards of performance and accountability for state and local service deliverers. To ensure input from business, labor, and education, a Human Resource Investment Council (HRIC) should be created to establish policy goals for workforce training programs in conjunction with the U.S. Departments of Labor and Education. A national tripartite council was recently appointed to oversee the development of voluntary national skills standards as part of the Goals 2000 legislation act. Its members have begun to establish partnerships with industry, unions, educators, and community stakeholders to establish skills standards to help U.S. workers compete effectively in a global economy. This council could serve as the model for a much broader national council to work with the Departments of Labor and Education in implementing national training goals at the state and local levels.

Additional functions at the federal level would include overseeing the revitalization of the Employment Service to serve as a one-stop career center delivery system; developing a national career information system; and creating specific performance and accountability standards for state and local service providers as well as equal opportunity requirements to ensure access for targeted groups.

The State Level

State HRICs would carry out similar advisory functions for governors and state legislatures. These councils would play a strong role in establishing state economic development policies so that job retention and expansion programs provided workers with training opportunities leading to high wage jobs.

Access to a publicly managed point of contact where workers can apply for resources with a minimum of paperwork and rapid notice of eligibility is critical. The state council should also oversee the revitalization of the

"If job training consolidation is made part of larger welfare reform proposals, services to dislocated workers will be considerably diminished or eliminated altogether by states seeking to balance their welfare budgets with federal job training funds."

state Employment Service as the one-stop career center agent as well as the selection of local training providers who meet national standards.

The Local Level

The responsibilities of local HRICs would parallel those of their federal and state counterparts. These responsibilities would include advising locally elected officials to ensure that the local delivery systems in place provided a full range of services individualized to workers' needs. Local HRICs would help form joint industry-labor committees to plan and evaluate occupational skills training programs. Where feasible, these councils could take on the role of a regional/community adjustment corporation to provide early intervention and job retention services to workers and firms that needed help before layoffs began.

Funding

With budget cutting a top priority in the Republican Congress and the Clinton administration, dislocated worker programs have already felt the budget knife. The President proposed a funding level of $1.9 billion for dislocated worker programs for FY 1996, an increase of over $700 million from 1995 funding levels. The House of Representatives voted to cut this request to $850 million, a 43 percent reduction from the President's proposal and a 31 percent reduction from actual 1995 spending. Because of overwhelming support, the final allotment for FY 1996 was $1.2 billion, the same as for FY 1995.

However, dislocated worker programs face considerable challenges under a block grant structure. First, there would be no separate programs for dislocated workers who would have to "compete" with others also seeking reemployment and retraining services. Second, it is anticipated that employment and training programs in general could sustain cuts of 20 percent or more if block grants are implemented.

If job training consolidation is made part of larger welfare reform proposals, services to dislocated workers will be considerably diminished or eliminated altogether by states seeking to balance their welfare budgets with federal job training funds.

OVERHAULING THE NATION'S ECONOMIC POLICIES AND PROGRAMS

Even the most effective labor market programs cannot create or retain an adequate number of good jobs for America's workers. Public service employment and pursuit of overall economic policies geared to achieving and maintaining full employment are indispensable elements of the policy mix.

Proper trade and industrial policies are also essential. Trade agreements must include provisions that link U.S. market access to observance of human rights and worker rights. The nation has been hindered from developing and implementing such policies by ideological opposition. Despite opposition in Congress, the AFL-CIO will continue to seek the elimination of current policies that encourage worker dislocation and the export of jobs.

The corporate tax code is another obstacle to the successful functioning of labor market programs. By failing to curb speculative activity by U.S. corporations and investors, the tax code has harmed the competitiveness of the U.S. economy as well as productive, job-creating efforts. Expenses related to activities stemming from corporate restructurings—especially interest expenses associated with restructuring-related debt—are fully deductible, resulting in lost jobs and lost tax revenues.

Other loopholes in the corporate tax code should be closed to slow down the export of jobs. These loopholes include the foreign tax credit, the deferral of taxes on unrepatriated foreign profits, and the manipulation of transfer pricing rules. When multinational corporations close a U.S. facility and relocate outside the United States, they can deduct most of the relocation costs as business expenses. Subsequent costs for starting up and operating the new foreign facility, including U.S. head office costs that may be dramatically higher as a result of the relocation, also typically are deductible business expenses. These tax loopholes lower the cost of foreign production

compared with domestic production and thus contribute to the continuing export of U.S. manufacturing jobs.

Of even greater concern than the tax code is the tendency of the nation's monetary authorities to slam on the brakes whenever the unemployment rate shows signs of dipping below 6 percent. If not enough jobs are being created because of overly tight monetary policies and high interest rates, no dislocated worker assistance program can succeed.

SUMMARY: BUILDING THE FOUNDATION FOR MORE AND BETTER JOBS

The United States must begin to build a coherent structure in which the federal government commits the resources necessary for all Americans to have the opportunity for training and employment. Current funding constraints make it imperative that such programs operate with efficiency and quality. Consistent accountability and performance standards that are meaningful and based on a clear public policy are needed at all levels. The federal government must not abrogate its responsibilities in these areas to state and local entities. It must ensure that public institutions remain at the forefront of service delivery guided by tripartite governance structures of labor, business, and community leaders. State and local governments must ensure that training leads to high wage jobs and career growth for workers. Unions, as the voice of front-line workers, are often in the best position to lead in the design, planning, and operation of programs to assist workers who face permanent layoff. The AFL-CIO's Human Resources Development Institute's experience in labor-management cooperation and its involvement in federal, state, and local JTPA programs for dislocated workers have led to a number of recommendations for the development of approaches and services for dislocated workers that have been discussed in this article.

A restructured system should be responsive to the needs of the total labor market, both the skills demands of employers and the career development plans of workers. Just as the needs of local labor markets vary, so do the needs of various segments of the workforce. A one-size-fits-all approach will not work. For example, dislocated workers with substantial work experience and skills have needs that differ greatly from the needs of disadvantaged youth and adults, who often lack basic work skills and experience. Workers with a strong attachment to the labor market need specially tailored services.

Labor-management involvement in plant closings requires a high level of trust on both sides. Companies and industry associations must be willing to provide the information needed for unions to assess the conditions affecting the business and the background for management decisions. In addition, state and local governments must view organized labor as a valued partner in the planning, design, and administration of programs. At the federal level, policies and legislation must create structures that strengthen the participation of labor and the functioning of labor-management committees. The establishment of strong performance standards for training providers, tripartite governance structures, and labor input into training design will help ensure that participants will benefit and dollars will be well spent.

America's workers need a new covenant for improved labor market programs and for a comprehensive overhaul of the nation's economic policies. The creation and retention of good jobs must be moved to the top of the U.S. agenda.

NOTES

This article has been updated and expanded from Sheldon Friedman and Jane McDonald-Pines, "In Search of a 'New Covenant' for America's Dislocated Workers," *North American Outlook*, Vol. 4, No. 1-2 (September 1993), pp. 67-100.

1. U.S. Department of Labor, Bureau of Labor Statistics, *Displaced Workers, 1991-92*, Bulletin 2464 (July 1995).

2. U.S. General Accounting Office (GAO), *Multiple Employment Programs*, GAO/HRD-92-39R (July 1992).

3. Katherine Dickinson et al., *Study of the Implementation of the Economic Dislocation and Worker Adjustment Assistance Act - Phase II*, Social Policy Research Association, Berkeley Planning Associates, SRI International (November 1992).

4. GAO, *Dislocated Workers: Labor-Management Committees Enhance Reemployment Assistance*, GAO/HRD-90-3 (November 1992).

5. GAO, *Dislocated Workers: Comparison of Assistance Programs*, GAO/HRD-92-153BR (September 1992).

6. *What's Working (and What's Not)*, U.S. Department of Labor, Office of Chief Economist (January 1995).

7. Employment loss covered under WARN is defined as any plant closure, layoff, or 50 percent reduction in normal work hours, anticipated to last at least six months, at one work site within any 30-day period affecting 33 percent or more of the workforce with a minimum of 50 workers affected, or 500 workers regardless of their proportion of the workforce. Separate losses within a 30-day period and related losses in a 90-day period that total these figures require a WARN notice. Employers are required to pay employees back wages for each day that notice was not given.

8. GAO, *Dislocated Workers: Worker Adjustment and Retraining Notification Act Not Meeting Its Goals*, GAO/HRD-93-28 (February 1993).

9. GAO, *Dislocated Workers: Exemplary Local Projects Under the Job Training Partnership Act*, GAO/HRD-87-70BR (April 1987).

V. WHAT LIES AHEAD?

Implications of the New Employment Systems

by Peter Cappelli

If the traditional employment system can be described as the internalizing of employment, the new work arrangements can be depicted as moving sharply in the other direction, with less job security, diminished expectations of career development, more hiring from the outside labor market, and compensation based not only on individual but also on organizational performance.

The new systems are demanding substantially more from employees. Business risks, as manifested by both job security and pay, are being shifted from firms to employees. The new arrangements also make workers rather than employers responsible for developing their own skills and careers. Job requirements have been pushed down in the organization, with each position calling for more accountability, greater performance, and higher skills than in the past. Employees are working longer hours, suffering more stress, and often feeling more negative about their employers. Although workers appear to welcome their increased decisionmaking role in the new employment systems, they do not like the associated uncertainty of holding on to their jobs or their deteriorating material circumstances.

CHALLENGES OF THE NEW WORK SYSTEMS

The breakdown of the traditional internal employment system is creating a number of challenges for employees, employers, and society as a whole.

Meeting Higher Skills Demands

Many of the challenges stem from the higher skills demanded of employees. Workers may find it increasingly hard to obtain the necessary training as incentives for employers to develop skills inside the firm have begun to erode. Over time, employers earn an economic return on their investment in training through improved employee performance. But if workers' attachment to their employers declines, firms will have difficulty earning that return. Under the new work systems, employees may view their jobs with an employer as temporary at best, and employers may meet skills needs by hiring from the outside, often "poaching" skilled workers from other firms. Further, if turnover increases, employers may have to adjust production processes and work systems to make them more generic, relying less on skills specific to the firm and more on general skills available in the labor market.

Peter Cappelli is Chair and Professor of Management, Wharton School of Business, University of Pennsylvania.

"Under the new work systems, employees may view their jobs with an employer as temporary at best, and employers may meet skills needs by hiring from the outside."

As organizations "flatten" their hierarchies, opportunities for career development and advancement will more often involve movement across employers rather than promotion and development within the same firm. More rapid organizational changes that lead to continued restructuring and job loss will accelerate this trend. When workers have to seek new jobs or new careers in the outside market, they have an even stronger interest in learning skills, especially those that are portable across employers. Jobs providing skills and certification credentials will be in demand, and employees will increasingly compete to secure those positions.

All else being equal, employers who offer skills training and credentials can hire better employees for less. Examples abound at the high end of the employment spectrum: doctors who take low paid residencies to earn a further credential; lawyers who take low wage clerkships or government jobs to gain exposure to case work; college students who take low paying summer research jobs to obtain references for graduate school. The military has long been seen as an avenue for people to trade lower pay for training and experience that will later pay off in the labor market.

Employees pay for this type of training through lower wages. Such training flourishes in jobs where learning and productive work operate side by side, as in traditional craft apprenticeships. It fails where learning is not a natural by-product of work and where it costs employers more to train than is merited by the value of the work the trainees produce.

The incentives for employers to develop these arrangements for combining work and learning may be delayed because of the current surplus of skilled workers created by downsizings. There may also be certain work processes or technologies in which training cannot be efficiently provided. But new efforts to develop skills training are already under way. For example, the National Skills Standards Board created by the Goals 2000 legislation has labor and management representatives generating skills standards and, in effect, skills credentials for most jobs.

Employers can be expected to pursue very different strategies in this area, depending on their circumstances and the nature of their work. Some will continue to invest in firm-specific skills and training if they can be reasonably certain employees will stay, as in unionized operations where superior employment practices and seniority-based provisions bind workers to the firm. Other employers will become net exporters of skills, relying on the productive work of trainees, who will then move on to other firms. Still other employers will not undertake any training, but will hire skilled workers almost entirely from the outside market.

Employee Adaptation

Perhaps the most important issue in the new employment arrangements is how employees will adapt to them. U.S. workers seem to be adjusting to the workplace changes that offer them greater autonomy and authority, but they are having trouble accepting other changes, such as those that have made job security and pay contingent on the performance not only of the individual, but also of the organization. The new work systems may create substantial hardship for employees when the company's overall performance is poor.

A related issue is the difficulty and complexity of managing a career when internal systems of development have broken down. In the new employment relationships, employees must negotiate for skills and identify and pursue opportunities across organizations. In addition to the demand for higher skills and abilities, the new arrangements require better information about the world of work outside the firm to plan a career.

Employee Commitment

Employee commitment is important to the effective operation of most companies. In the old employment

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system, worker commitment developed as part of mutual obligations that included the employer's assurance of long-term job security and career development. Without such security and development in the new workplace, employee commitment is dissolving. How firms will function when workers have a more individualistic, shorter-term orientation to their jobs has yet to be determined. At present, the oversupply of skilled workers and the fear of layoffs may prevent employees from manifesting the poor performance that is often associated with low commitment.

Societal Consequences

The changes created by the new work systems also have important consequences for society. For example, workers with good skills, superior information about job opportunities, and a high level of marketability may find their job prospects further enhanced under the new market-oriented system. Those lacking skills and access to information may find their job prospects deteriorating. These changes may accelerate the trend toward inequality already under way in the U.S. labor market.

For many individuals, the traditional employment relationship with its career advancements and steady growth in wages has resulted in long-term investments, such as home ownership, college education for children, community ties and their concomitant stability, and a quality lifestyle outside of work. How these benefits can be maintained under the new work systems that enhance risk and uncertainty on the job is an open question.

REQUIREMENTS OF THE NEW WORK SYSTEMS

A high level of information and a series of implicit contracts to enforce training agreements are necessary for the new employment arrangements to function effectively. Meaningful credentials about an employee's skills are needed as a signal to employers and as a goal for employees. Potential employees need to judge the quality of a training experience, just as employers need to judge the quality of a potential employee. Internalized employment arrangements provided employers with detailed and accurate information about their employees' abilities that will be difficult to duplicate in an outside labor market. More "slippage" may occur, at least in the short term, with these new arrangements as workers with the necessary abilities may be passed over because they lack the necessary credentials to demonstrate their competencies.

An employment relationship based on transactions requires more contracts to enforce them. Both employers and employees need incentives not to cheat in these transactions. In particular, employers should not renege on training promises or change the arrangement before credentials are earned.

A system that relies on the outside labor market also demands infrastructure to function. Models exist within industry for creating this infrastructure. For example, the unionized sector of the construction industry has skills standards, apprentice training programs, skills credentials, and portable benefit programs generated through collective bargaining. The accounting profession has worked closely with higher education to create standards and credentials and raise skills levels. In many cases, however, the government may be the only player that can put together the necessary credential systems, remedial training programs, protection for displaced workers, and other arrangements for the new systems to operate effectively. Some aspects of this infrastructure, such as skills standards, credentials, and school-to-work transition programs, are already envisioned in recent legislation. The form these arrangements should take and the extent to which they will involve employers, unions, and training and education providers are critical concerns.

The new employment arrangements have significant implications for workers, employers, and the U.S. economy as a whole. Whether they represent the introduction of a stable system or a transition to another set of arrangements depends in part on the coalescence of contradictory elements and on the future accommodations that organizations will need to undertake.

NOTE

This article has been adapted from Peter Cappelli, "The Restructuring of Employment," *Looking Ahead*, Vol. XVI, No. 2-3 (October 1994), pp. 41-43.

New Guidelines for Labor-Management Cooperation

by Allan D. Gilmour

In the past several years, a number of labor-management confrontations as well as fads and formulas in human resource management and labor-management relations have perhaps been overly highlighted by the media. Although this coverage seems to signal a downturn in the country's interest in collective bargaining and industrial relations, managers who work with organized workers know that how they deal with them and their representatives remains an essential part of doing business. Maintaining that relationship is a key ingredient of success for all involved—managers, workers, and unions.

LESSONS FROM THE PAST AND FUTURE NEEDS OF LABOR AND MANAGEMENT

Two points are important to note at the outset. First, past collective bargaining strategies and workplace relationships were not bad. In a fairly well understood competitive environment, management and unions generally did what was expected of each. The bargaining strategy was to increase living standards and productivity, and the tactics focused on ensuring that all involved moved along a similar curve.

Second, the future does not demand a radical new approach to how people work together or pursue collective bargaining. Even though one lesson learned from the 1980s is that U.S. businesses cannot rely on past formulas to thrive in the century ahead, they cannot expect to find a new strategy tailored to their particular needs. After the decade of turmoil that collective bargaining experienced in the 1980s, no single solution has yet been found that works for all companies, unions, and employees. Each enterprise must update its structures and relationships to fit the new realities of the workplace. Management, the union, and employees in each company need to examine where they have been and where they are headed and then develop a system that is acceptable to all the parties. The clear-sighted and practical will seek out how their counterparts in similar companies are handling similar issues and processes. They will explore any new approach that appears viable to their enterprise.

This article focuses on one of the new approaches. A brief background discussion provides the setting.

NEW COMPETITIVE REALITIES

One new reality has dominated the industrial landscape for some time. The competitive

Allan D. Gilmour recently retired as Vice Chairman of Ford Motor Company.

environment of the past has been replaced by dramatically more competitive markets for goods and services and by numerous new competitors around the world. Consequently, the United States will probably never again see the highly concentrated domestic industries—in, for example, steel, automobiles, tires, machine tools, and air travel—that were fundamental to the growth of the U.S. economy during the middle of the century.

It is important that these corporate entities have some capacity to offset the downside effects of the new global competition if the United States is to keep the jobs that those industries provide, to maintain the standard of living that many enjoy, and to increase the nation's prosperity. To help accomplish this growth, U.S. industry must forge new ways to conduct human resource and labor relations. If businesses do not develop innovative labor-management strategies, some companies and industries may be doomed to failure. Almost no company, union, or job in America is immune to global competition. All jobs are part of an intricate chain, although the links may not be apparent. If the country's economic foundation and tax base crumble, not even government jobs will be secure. While the pressures can be stemmed for a time, particularly during periods of economic growth, any noncompetitiveness will eventually lead to disruption, chaos, and, for many in the chain, economic extinction.

Although the new environment is challenging, even threatening, it is not hopeless for labor-management relations. Nevertheless, creating the collective bargaining strategies that are needed today and in the coming decades is not easy. A new labor-management paradigm is particularly difficult to develop when the same people remain bound to their institutions and tied to past relationships.

The new approach to be discussed here is based on the work of the National Planning Association's Collective Bargaining Forum (CBF), which seeks to make the transition to innovative labor-management relations more comprehensible to both parties. The CBF is made up of some of America's top labor union officials and chief executive officers of major corporations who are working to improve the climate and the conduct of industrial and human relations in the United States.[1]

THE NEW APPROACH OF THE CBF

Collective Bargaining Forum participants operate from the fundamental, perhaps contradictory to some, conviction that the nation can become a more successful competitor, even in an increasingly competitive global economy, while raising the standard of living for all Americans. Further, the CBF believes that these goals can be achieved in a manner consistent with the values of a society that emphasize respect for the rights and dignity of the individual.

Mutual Responsibilities

From the outset, the CBF has focused on three interrelated areas: the role of unions in a democratic society; the mutual responsibility of management and labor to foster the competitiveness of American enterprises; and management's and labor's mutual obligation to promote employment security for U.S. workers. CBF members have formed a consensus on a promising approach to deal with these issues. *New Directions for Labor and Management*, published by the U.S. Department of Labor's Bureau of Labor-Management Relations in 1988, outlines some of this work.

The CBF defines competitiveness as the sum of three parts—the ability of the United States to produce, provide, and promote in a world economy. In essence, this means that the United States must produce domestically the goods and services that will yield a competitive return on capital; it must provide jobs for the U.S. workforce; and it must promote a rising standard of living for the American people.

This view of competitiveness imposes assumptions that are somewhat unfamiliar in labor-management relations. One assumption is that competitiveness cannot be achieved without attention to the quantity and quality of American jobs not only within U.S. borders but also in trade across U.S. borders. The CBF believes that U.S. workers should have good-paying domestic jobs, the kind that some think have been disappearing. It also believes that workers should have the domestic jobs created by exports. Exporting, as the United States tells other countries, cannot be a one-way street.

Another assumption is that improving industrial and human relations is a major factor in increasing productivity. Productivity growth in its broadest dimensions is critical to competitiveness.

The CBF's definition of competitiveness makes it clear that both labor and management have to accept concepts not commonly agreed on in the past. These concepts include a competitive return on capital, high quality employment opportunities as a factor in productivity as well as in a rising standard of living, and recognition that only a mutual commitment will enable enterprises to survive and succeed.

Including these elements as essential in building the union-management relationship has enormous consequences for the future. The confrontational approach becomes basically obsolete, rendered inappropriate by today's requirements for increased productivity and a more successful battle against foreign competition.

Specifically, the CBF believes that management should accept the validity of unions (not a universally accepted concept today) and that there is value in expanding the role of workers and their unions in certain decisions of the enterprise. The CBF also believes that management should elevate employment security to the policy level, giving it as much importance as other basic business strategies, such as capital deployment, lines of business, and market selection.

Unions, too, must take a broader view of their responsibilities and determine their best interests. The CBF holds that labor has an obligation to work with management to improve the economic performance of U.S. enterprises and to help firms adapt to changes in technology, market conditions, and worker values and expectations.

NEW RULES OF THE GAME

To clarify the issues involved in implementing its concepts, the CBF has drafted guidelines for companies and unions that want to move toward more constructive labor-management relations. *Labor-Management Commitment: A Compact for Change*, issued in 1991, serves as a model of the fundamental principles of the new bargaining relationship. This compact highlights the following seven obligations or responsibilities—the new rules of the game—for labor and management.

(1) To improve the economic performance of U.S. enterprises, unions and management must work together in ways that serve the interests of workers, stockholders, consumers, and society. In other words, unions and management have a joint obligation to ensure that enterprises offer quality products and services that match or surpass those of all competitors. This joint effort involves the development and promotion of teamwork and employee involvement in the workplace, in the determination and administration of personnel policies, and in appropriate strategic decisionmaking.

(2) Unions cannot commit to aid in improving the competitive economic performance of companies unless management accepts and supports the legitimate role of unions within the enterprise and throughout society.

(3) Employment security must be considered in reconciling the tensions between competitiveness and human values. Management must be committed to promoting employment security and continuity as a major corporate value. Management and unions must find ways to translate employment security into specifics that are economically supportable and that make sense, including transition assistance for workers affected by changes in the economic foundation of their jobs.

(4) Full employee participation on a sustained basis is critical to competing in the changing global environment. Both unions and management must commit to worker participation in the shop and in the office (and often outside the workplace) to provide continuous improvement in safety performance, product and service quality, productivity, and other areas.

(5) Conflicting goals must be resolved without destroying or jeopardizing the bond between unions and management. Even a highly cooperative relationship contains elements of conflict. But it is in the interests of both parties to resolve differences fairly and amicably, without resorting to strikes, lockouts, or replacement hiring. The tactics and strategies of each party should be consistent with maintaining an ongoing cooperative relationship.

(6) Management and unions should explore, with a sense of immediacy, ways to increase their joint efforts. To this end, the CBF recommends joint study of the experiences of unions and managements that have developed successful innovative relationships.

(7) When cooperative efforts dealing with workplace problems are not enough to gain competitiveness, the mutual interests of the parties may be helped by developing joint positions that seek the participation of executive and legislative branches of government at both the federal and state levels.

The CBF's compact is not a blueprint or a fail-safe template. Rather, in the CBF's view, the application of these seven responsibilities offers promise for future labor-management relationships. Only the parties themselves, of course, can determine how their relationship will operate. But one outcome is certain: if both parties adhere to the understandings that form the compact, they will improve their chances for mutual success.

BALANCING CHOICES MEANS SUCCESS FOR LABOR, MANAGEMENT, AND WORKERS

Traditionally, management and labor have dealt with each other at arm's length, with the choice being either one way or the other. But world competition has created more complex relationships in every aspect of business. Today there are no comfortable choices. The world is no longer either/or; it is both/and. How can business determine which of the following concerns is more important? Cooperation or productivity? The short term or the long term? Job security or improving the standard of living? Consumers, workers, owners, or managers? Internal organizational concerns or external issues? The answer, of course, is that each of these imperatives is important. Labor and management must balance them in a way that provides success for enterprises, employees, and customers. The Collective Bargaining Forum has created guidelines to help management and unions find that way.

NOTES

This article has been excerpted from Allan D. Gilmour, "New Guidelines for Labor-Management Cooperation," in *The Future of Labor-Management Innovation in the United States*, ed. James A. Auerbach and Jerome T. Barrett (Washington, DC: National Planning Association, 1993), pp. 47-55.

1. The Collective Bargaining Forum's moderator is Malcolm R. Lovell, Jr., President and Chief Executive Officer, National Planning Association. Forum members representing business and labor are the AFL-CIO; ALCOA; Amalgamated Bank of New York; Ameritech; Bethlehem Steel Corporation; Communications Workers of America; AFL-CIO, CLC; Economic Strategy Institute; General Motors Corporation; Industrial Union Department, AFL-CIO; International Union of Bricklayers and Allied Craftsmen; International Union, United Automobile Workers of America; Kaiser Foundation Health Care Inc. and Kaiser Foundation Hospitals; National Association of Manufacturers; NYNEX Corporation; UNITE (Union of Needletrades, Industrial & Textile Employees); United Paperworkers International Union; United Steelworkers of America; and Xerox Corporation.

ABOUT THE AUTHORS AND EDITOR IN *LOOKING AHEAD*

James A. Auerbach is Vice President of the National Planning Association. He is also Director of NPA's Committee on New American Realities and of the Food and Agriculture Committee and Managing Editor of *Looking Ahead*, NPA's flagship quarterly journal. He is an adjunct instructor at the University of Virginia and at the U.S. Department of State, Foreign Affairs Training Institute. Mr. Auerbach is coeditor of *Aging and Competition: Rebuilding the U.S. Workforce* and *The Future of Labor-Management Innovation in the United States*.

Laurie J. Bassi is Vice President for Research at the American Society for Training and Development. Previously she served as the Executive Director of the Advisory Council on Unemployment Compensation and as Deputy Director of the U.S. Department of Labor's Commission on Workforce Quality and Labor Market Efficiency. Between 1982 and 1996, she was a member of the faculty at Georgetown University. She is a contributing author to *Change at Work* (forthcoming from Oxford University Press) and author of "Upgrading the U.S. Workplace: Do Reorganization and Education Help?" *Monthly Labor Review*.

Peter Cappelli is Chair and Professor of Management, Wharton School of Business, University of Pennsylvania. He is Codirector of the Center for Human Resources, Wharton School, and Codirector of the National Center on the Educational Quality of the Workforce, U.S. Department of Education. His research includes analyses of workplace attitudes and behavior in terms of job-related skills and of the relation of workforce skills and the choice of employment practices. He is the author of *Training and Development* and a contributing author to *Change at Work* (forthcoming from Oxford University Press).

Sheldon Friedman is an Economist with the AFL-CIO Department of Economic Research. His areas of responsibility include monetary policy, tax policy, and trade adjustment assistance. Prior to coming to the AFL-CIO, he was Research Director for the United Automobile Workers. He is coeditor of *Restoring the Promise of American Labor Law*.

Allan D. Gilmour recently retired as Vice Chairman of Ford Motor Company. He had been a member of the Office of the Chief Executive and a member of the Board of Directors at Ford since 1986. Prior to his retirement, he had also served as Executive Vice President and as President of the Ford Automotive Group.

J.D. Hoye is Executive Director of the National School-to-Work Opportunities Office, jointly administered by the U.S. Departments of Education and Labor. Prior to joining the School-to-Work Opportunities Office, she served as Associate Superintendent of the Oregon Department of Education. She cochaired the Oregon School-to-Work Task Force and has served on the boards of the State Directors of Vocational Technical Education, the U.S. Department of Labor National Standards Committee, and the New Ways to Work Advisory Board.

Harry C. Katz is Professor at the New York State School of Industrial and Labor Relations at Cornell University. He is also Director of the Institute of Collective Bargaining at Cornell. He is coauthor of *The Transformation of American Industrial Relations* and *An Introduction to Collective Bargaining and Industrial Relations*.

Jane McDonald-Pines is Executive Assistant to the Director at the AFL-CIO Human Resources Development Institute, where her areas of responsibilities include research and analysis of laws, regulations, and policies related to employment and training. Prior to joining the AFL-CIO, she was a staff member with the Labor Employment and Training Administration at the U.S. Department of Labor.

Thomas J. Schneider is President and Chief Executive Officer of Restructuring Associates Inc., and Chairman and CEO of the consulting firm Corrs Schneider Ltd. in Melbourne and Sydney, Australia. Dr. Schneider has advised unions and companies in the United States and abroad on developing new systems of work, labor-management partnerships, strategic planning, and corporate restructuring since 1974. He has been widely published and has spoken on these topics around the world.

John R. Stepp, an Associate with Restructuring Associates Inc., served as Deputy Under Secretary for Labor-Management Relations at the U.S. Department of Labor, where he created the Bureau of Labor-Management Relations and Cooperative Programs. He is the recipient of the 1990 Outstanding Achievement in Employee Involvement in the Workplace National Award, American Society for Training and Development. The author of 30 journal articles addressing the future of labor-management relations, Dr. Stepp has delivered more than 300 speeches before labor-management audiences on directions for labor relations.

Steven Tegger is Associate Director of the National School-to-Work Opportunities Office of the U.S. Departments of Education and Labor. Previously he was an Executive Policy Analyst for the Oregon Workforce Quality Council and legislative liaison for the Oregon Employment Department. He has also served as an Unemployment Insurance Administrative Law Judge.

THROUGH A GLASS DARKLY:
BUILDING THE NEW WORKPLACE FOR THE 21ST CENTURY

(Forthcoming Anthology)

James A. Auerbach
Editor

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by James A. Auerbach

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NPA EVENTS AND COMMITTEE MEETINGS, JUNE 1996 – JUNE 1997

1996

EVENT/MEETING	DATE	LOCATION
British-North American Committee	*June 21-23*	*Chester, England*
U.S. Agency for International Development (AID) Symposium #11	July 18	Detroit, Michigan
AID Working Breakfast #12	*September 12*	*Washington, D.C.*
Food and Agriculture Committee	September 25-27	Washington, D.C.
Committee on New American Realities	*October 3-5*	*Short Hills, New Jersey*
North American Committee	October 24-26	Vancouver, Canada
Global Economic Council	*November 7-8*	*Palm Beach, Florida*
Gold Medal Award Dinner	November 12	New York, New York
Board of Trustees	*November 14*	*Washington, D.C.*
British-North American Committee	December 6-8	Palm Beach, Florida

1997

Food and Agriculture Committee	*March 19-21*	*Washington, D.C.*
North American Committee	April 3-5	Washington, D.C.
Board of Trustees	*April 8*	*Washington, D.C.*
Committee on New American Realities	April 10-12	Washington, D.C.
Global Economic Council	*May 1-2*	*To be arranged*
British-North American Committee	June 20-22	Gleneagles, Scotland

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Tel 202•265•7685
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VOL. XVIII NO. 1
JUNE 1996

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